OFFICE OF INSPECTOR GENERAL

JUNE 16, 2022

# Audit of Fiscal Year 2021 Financial Statements

*Audit Report OIG-AUD-2022-04*

# MISSION

The OIG promotes efficiency and effectiveness to deter and prevent fraud, waste and mismanagement in AOC operations and programs. Through value added, transparent and independent audits, evaluations and investigations, we strive to positively affect the AOC and benefit the taxpayer while keeping the AOC and Congress fully informed.

# VISION

The OIG is a high-performing team, promoting positive change and striving for continuous improvement in AOC management and operations. We foster an environment that inspires AOC workforce trust and confidence in our work.

**Office of Inspector General**
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United States Government

# MEMORANDUM

DATE: June 16, 2022

TO: J. Brett Blanton
Architect of the Capitol

FROM: Christopher P. Failla, CIG
Inspector General

SUBJECT: Audit of Architect of the Capitol's (AOC) Fiscal Year 2021 Financial Statements (Audit Report OIG-AUD-2022-04)

We contracted with the independent public accounting firm KPMG to audit the financial statements of the AOC as of and for the fiscal year that ended September 30, 2021, to provide reports on internal control over financial reporting, and on compliance and other matters. The contract required that the audit be performed in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Office of Management and Budget Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*; the U.S. Government Accountability Office's (GAO) Federal Information System Controls Audit Manual; and the GAO/Council of the Inspectors General on Integrity and Efficiency Financial Audit Manual.

In its audit of the AOC, KPMG reported:

- the financial statements were fairly presented, in all material respects, in accordance with U.S. Generally Accepted Accounting Principles;
- one material weakness[1] in internal control over financial reporting;
- no instances in which the AOC's financial management systems did not substantially comply; and
- no reportable noncompliance issues with provisions of laws tested or other matters.

KPMG is responsible for the attached auditor's report dated June 15, 2022, and the conclusions expressed therein. We do not express opinions on the AOC's financial statements or internal control over financial reporting, or conclusions on compliance and other matters.

[1] A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

If you have any questions or wish to discuss this report, please contact Sharmaine Carter at 202.538.1830 or Sharmaine.Carter@aoc.gov.

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Beth Plemmons, Chief Executive Officer for Visitor Services
Christopher Potter, Director, Utilities and Power Plant Operations

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# Section 1

## Independent Auditor's Reports

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

# Independent Auditors' Report

Inspector General of Architect of the Capitol
Architect of the Capitol:

## Report on the Financial Statements

We have audited the accompanying financial statements of the Architect of the Capitol (AOC), which comprise the balance sheet as of September 30, 2021 and the related statements of net cost and changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 21-04 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Architect of the Capitol as of September 30, 2021, and its net costs, changes in net position, and budgetary resources for the year then ended in accordance with U.S. generally accepted accounting principles.

*Other Matters*

Financial Statements as of and for the Year Ended September 30, 2020

The accompanying financial statements of the AOC as of September 30, 2020 and for the year then ended were audited by other auditors whose report thereon dated November 20, 2020, expressed an unmodified opinion on those financial statements.

Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the Performance and Accountability Report to provide additional information for the users of its financial statements. Such information is not a required part of the basic financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Table of Contents, Websites and Media Platforms, Fiscal Year 2021 Performance and Accountability Highlights, Message from the Architect of the Capitol, Performance and Accountability Report Introduction, The Year in Photos, Section 02: Performance Information, Introducing the Principal Financial Statements, Message from the Chief Financial Officer, Inspector General Transmittal, Architect of the Capitol's Response to the Inspector General, Section 04: Other Information, and the Appendices are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

*Internal Control over Financial Reporting*

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2021, we considered the AOC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the AOC's internal control. Accordingly, we do not express an opinion on the effectiveness of the AOC's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings within Exhibit I to be a material weakness.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the AOC's financial statements as of and for the year ended September 30, 2021 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 21-04.

*Management's Responses to Findings*

The AOC's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The AOC's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

*Purpose of the Other Reporting Required by Government Auditing Standards*

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the AOC's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
June 15, 2022

The weakness in internal control existed during the year ended September 30, 2021. The determination of which control deficiencies rise to the level of a material weakness, or a significant deficiency is based on an evaluation of the impact of control deficiencies identified, considered individually and in the aggregate, on the Architect of the Capitol (AOC) financial statements as of and for the year ended September 30, 2021. The associated entity level controls, as defined by the *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (Green Book), are also identified in relation to the control activities in the corresponding areas of this Exhibit.

## Control Gap Identified for Retrospective Reviews of Estimates

*Background:*

The preparation of the Architect of the Capitol's (AOC) financial statements requires management to make certain estimates and assumptions that affect the reported amounts of liabilities and the associated expenses as of September 30, 2021. During the Fiscal Year (FY) 2021 audit of the AOC's financial statements, we identified that management did not conduct a complete retrospective review to validate the estimates of its Environmental and Accounts Payable Liabilities.

*Conditions:*

The AOC did not design and implement the control activities to achieve objectives and respond to risks as required by Green Book principle 10, Design Control Activities. Specifically, the AOC did not:

- Design a control to conduct a retrospective review to validate the use of its primary cost rate factors in determining its estimate of Environmental Liabilities. Specifically, the AOC did not validate that the cost rates used were indicative of actual costs incurred.
- Effectively design its control over the retrospective review of its Accounts Payable accrual to consider the results of retrospective reviews performed throughout the FY. Specifically, the AOC did not define the accounts payable accrual validation precisely enough to capture all expenses incurred in the current year that should have been accrued for in the prior year.

*Causes:*

These deficiencies are a result of insufficient entity level controls as follows:

- Green Book principle 6 requires that "Management should define objectives clearly to enable the identification of risks and define risk tolerances."
- Green Book principle 7 requires that "Management should identify, analyze, and respond to risks related to achieving the defined objectives."
- Green Book principle 14 requires that "Management should internally communicate the necessary quality information to achieve the entity's objectives."
- Green Book principle 16 requires that "Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results."

*Effects:*

The deficiency in the control over the retrospective review for Environmental Liabilities resulted in the AOC correcting Note 16 Commitments and Contingencies by increasing the disclosed upper end of the range of the liability by $169 million above the original point estimate.

The deficiency in the control over the retrospective review for Accounts Payable resulted in an auditor identified known under accrual of $11.5 million, and an additional judgmental under accrual of $26.3 million. This uncorrected misstatement is summarized within the Summary of Audit Misstatements attached to the management representation letter.

*Recommendations:*

We recommend that the AOC:

1. Develop and implement a control to complete a retrospective review of the Environmental Liability annually. That review should be used to validate the cost factors used and make appropriate adjustments when needed.

2. Develop and implement a more precise accounts payable accrual by re-considering the results of the quarterly Accounts Payable validations and the impact on the existing accrual methodology and considering an adjustment to its accrual percentage to capture periods not covered by the current accrual model.

**Management's Response**

Management does not concur with the findings based on our assessment of the business processes against the conditions outlined by KPMG. While we do not concur with all the findings, we remain committed to strong financial management and will continue to review and refine our financial processes to strengthen our financial stewardship.

**Auditors' Response**

We evaluated management's nonconcurrence and determined the findings remain valid.

# Section 2

## Architect of the Capitol Comments

ARCHITECT OF THE CAPITOL

**Architect of the Capitol**
U.S. Capitol, Room SB-16
Washington, DC 20515
202.228.1793

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May 24, 2022

Mr. Christopher Failla
Inspector General
Architect of the Capitol
Washington, DC 20515

Dear Mr. Failla:

Thank you for the opportunity to comment on the draft Independent Auditors' Report related to the Architect of the Capitol's (AOC) financial statements for the Fiscal Year ending September 30, 2021. We are pleased the audit resulted in an unmodified opinion — marking the 17th consecutive year the AOC received a "clean" opinion.

We acknowledge the internal control challenges noted in the report and recognize that more can always be done to augment our fiscal stewardship. The audit identified one material weakness, no significant deficiencies and three additional control deficiencies. While we do not concur with all of the findings, we remain committed to strong financial management and will continue to review and refine our financial processes to strengthen our financial stewardship. As a result, we will develop an appropriate corrective action plan for all identified issues, provide them to the Office of Inspector General by July 1, 2022, and monitor their implementation.

We appreciate working collaboratively with you in support of an efficient and effective audit. The AOC works diligently to establish strong management practices in order to address our fiscal compliance requirements and manage our financial processes and systems. The annual audit continues to provide us with new insights and valuable recommendations for improvement. I would like to thank you, your staff and the auditor, KPMG, for the professionalism and commitment in conducting the audit.

Sincerely,

J. Brett Blanton
Architect of the Capitol

Doc. No. 220204-04-02

# Section 3

## AOC Fiscal Year 2021 Financial Statements

## Architect of the Capitol
## Balance Sheet
## As of September 30, 2021, and 2020

| Dollars in Thousands | | 2021 | | 2020 |
|---|---|---|---|---|
| Assets: (Note 2) | | | | |
| Intragovernmental: | | | | |
| Fund Balance with Treasury (Note 3) | $ | 1,249,032 | $ | 1,014,778 |
| Investments (Note 5) | | 11,727 | | 20,366 |
| Accounts receivable, net (Note 6) | | 643 | | 607 |
| Advances and Prepayments (Note 10) | | 2,902 | | 214 |
| Total intragovernmental | | 1,264,304 | | 1,035,965 |
| With the public: | | | | |
| Cash and other monetary assets (Note 4) | | 14 | | 14 |
| Accounts receivable, net (Note 6) | | 279 | | 357 |
| Inventory and related property, net (Note 7) | | 1,351 | | 1,185 |
| General property, plant and equipment, net (Note 8) | | 2,548,752 | | 2,450,456 |
| Investments (Note 5) | | 10,755 | | 10,761 |
| Total with the public | | 2,561,151 | | 2,462,773 |
| Total assets | $ | **3,825,455** | $ | **3,498,738** |
| Stewardship PP&E (Note 9) | | | | |
| Liabilities: (Note 11) | | | | |
| Intragovernmental: | | | | |
| Accounts payable: | | | | |
| Benefit program contributions payable | $ | 7,790 | $ | 8,720 |
| Accounts payable | | 113 | | 104 |
| Advances from others and deferred revenue (Note 10) | | 26,521 | | 44,327 |
| Other Liabilities (Note 14) | | 7 | | 2 |
| Total intragovernmental | | 34,431 | | 53,153 |
| With the public: | | | | |
| Accounts payable | | 1,711 | | 3,429 |
| Federal debt and interest payable (Note 12) | | 45,610 | | 58,229 |
| Federal employee and veteran benefits payable | | 68,618 | | 70,279 |
| Environmental and disposal liabilities (Note 13) | | 179,022 | | 79,062 |
| Other Liabilities (Note 14) | | 122,786 | | 139,579 |
| Total with public | | 417,747 | | 350,578 |
| Total liabilities | $ | **452,178** | $ | **403,731** |
| Commitments and Contingencies (Note 16) | | | | |
| Net position: | | | | |
| Unexpended Appropriations | $ | 1,063,173 | $ | 801,991 |
| Cumulative Results of Operations | | 2,310,104 | | 2,293,016 |
| Total Net Position | $ | **3,373,277** | $ | **3,095,007** |
| Total liabilities and net position | $ | **3,825,455** | $ | **3,498,738** |

The accompanying footnotes are an integral part of these financial statements.

## Architect of the Capitol
## Statement of Net Cost
## For the Years Ended September 30, 2021, and 2020

| **Dollars in Thousands** | | **2021** | | **2020** |
|---|---|---|---|---|
| Program costs: | | | | |
| Capital Construction and Operations: | | | | |
| Gross costs | $ | 132,664 | $ | 144,755 |
| Less: earned revenue | | (703) | | (657) |
| Net program costs: | | 131,961 | | 144,098 |
| Capitol Building: | | | | |
| Gross costs | | 74,885 | | 60,161 |
| Less: earned revenue | | (463) | | (428) |
| Net program costs: | | 74,422 | | 59,733 |
| Capitol Grounds and Arboretum: | | | | |
| Gross costs | | 16,335 | | 15,927 |
| Less: earned revenue | | (24) | | (33) |
| Net program costs: | | 16,311 | | 15,894 |
| Capitol Police Buildings, Grounds, and Security: | | | | |
| Gross costs | | 52,401 | | 33,359 |
| Less: earned revenue | | - | | - |
| Net program costs: | | 52,401 | | 33,359 |
| Capitol Power Plant: | | | | |
| Gross costs | | 112,263 | | 99,827 |
| Less: earned revenue | | (9,036) | | (9,044) |
| Net program costs: | | 103,227 | | 90,783 |
| House Office Buildings: | | | | |
| Gross costs | | 163,398 | | 108,757 |
| Less: earned revenue | | (9,668) | | (10,499) |
| Net program costs: | | 153,730 | | 98,258 |
| Library Buildings and Grounds: | | | | |
| Gross costs | | 78,246 | | 59,086 |
| Less: earned revenue | | (6,164) | | (12,238) |
| Net program costs: | | 72,082 | | 46,848 |
| Senate Office Buildings: | | | | |
| Gross costs | | 115,644 | | 85,924 |
| Less: earned revenue | | (71) | | (1,056) |
| Net program costs: | | 115,573 | | 84,868 |
| Supreme Court Buildings and Grounds: | | | | |
| Gross costs | | 38,156 | | 59,557 |
| Less: earned revenue | | (50,598) | | (50,588) |
| Net program costs: | | (12,442) | | 8,969 |
| U.S. Botanic Garden: | | | | |
| Gross costs | | 15,584 | | 16,684 |
| Less: earned revenue | | - | | - |
| Net program costs: | | 15,584 | | 16,684 |
| U.S. Capitol Visitor Center: | | | | |
| Gross costs | | 33,010 | | 29,968 |
| Less: earned revenue | | (171) | | (2,210) |
| Net program costs: | | 32,839 | | 27,758 |
| Net cost of operations (Note 23) | **$** | **755,688** | **$** | **627,252** |

The accompanying footnotes are an integral part of these financial statements.

## Architect of the Capitol
## Statement of Changes In Net Position
## For the Years Ended September 30, 2021, and 2020

| Dollars in Thousands | | 2021 | | 2020 |
|---|---|---|---|---|
| **Unexpended Appropriations:** | | | | |
| Beginning Balance | $ | 801,991 | $ | 895,155 |
| Appropriations received (Note 19) | | 1,007,560 | | 728,504 |
| Other Adjustments | | (2,933) | | (3,424) |
| Appropriations used | | (743,445) | | (818,244) |
| Net Change in Unexpended Appropriations | | **261,182** | | **(93,164)** |
| **Total Unexpended Appropriations: Ending** | $ | **1,063,173** | $ | **801,991** |
| **Cumulative Results of Operations:** | | | | |
| Beginning Balances | **$** | **2,293,016** | **$** | **2,079,830** |
| Appropriations used | | 743,445 | | 818,244 |
| Non-exchange revenue | | 2 | | 97 |
| Transfers-In/(Out) Without Reimbursement | | 2,847 | | 122 |
| Imputed financing (Note 17) | | 26,482 | | 21,975 |
| Net Cost of Operations | | (755,688) | | (627,252) |
| Net Change in Cumulative Results of Operations | | 17,088 | | 213,186 |
| **Cumulative Results Of Operations: Ending** | **$** | **2,310,104** | **$** | **2,293,016** |
| **Net Position** | **$** | **3,373,277** | **$** | **3,095,007** |

The accompanying footnotes are an integral part of these financial statements.

## Architect of the Capitol
## Combined Statement of Budgetary Resources
## For the Years Ended September 30, 2021, and 2020

| Dollars in Thousands | 2021 | 2020 |
|---|---|---|
| Budgetary Resources | | |
| Unobligated balance from prior year budget authority, net (Note 20) | $ 507,889 | $ 642,614 |
| Appropriations (Note 19) | 1,007,570 | 728,531 |
| Borrowing authority | 4,630 | 5,662 |
| Spending authority from offsetting collections | 41,790 | 59,990 |
| Total budgetary resources | **$ 1,561,879** | **$ 1,436,797** |
| Status of Budgetary Resources | | |
| New obligations and upward adjustments (total) | $ 747,799 | $ 964,489 |
| Unobligated balance, end of year: | | |
| Exempt from apportionment, unexpired accounts | 786,717 | 449,356 |
| Unexpired unobligated balance, end of year | 786,717 | 449,356 |
| Expired unobligated balance, end of year (Note 3) | 27,363 | 22,952 |
| Unobligated balance, end of year (total): | 814,080 | 472,308 |
| Total budgetary resources | **$ 1,561,879** | **$ 1,436,797** |
| Outlays, net: | | |
| Outlays, net (total) (discretionary and mandatory) | 766,384 | 797,098 |
| Agency outlays, net (Note 23) | **$ 766,384** | **$ 797,098** |

The accompanying footnotes are an integral part of these financial statements.

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## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

The Architect of the Capitol (AOC) is an agency within the legislative branch of the federal government. Initially authorized by Congress to provide "suitable buildings and accommodations for the Congress of the United States," its role has expanded to include responsibility for the maintenance, operation, development, and preservation of the Capitol Building; Capitol Grounds and Arboretum; Capitol Police Buildings, Grounds, and Security; House Office Buildings; Library Buildings and Grounds; Senate Office Buildings; Supreme Court Buildings and Grounds; Capitol Power Plant; U.S. Botanic Garden (USBG); and U.S. Capitol Visitor Center (CVC).

The AOC is also responsible for:

- Supporting Congress during official national events (e.g., Presidential inaugural ceremonies) held at the Capitol or on the Capitol Grounds and Arboretum;
- Providing steam and chilled water to the Supreme Court, Thurgood Marshall Federal Judiciary building (the Marshall Building), Union Station, and the Folger Shakespeare Library, and steam-only to the Government Publishing Office (GPO) and the Postal Square building, and;
- Providing educational programs and guide services to visitors at the CVC and USBG

Some of the assets and liabilities reported by AOC may be eliminated from Government-wide reports because they are offset by assets and liabilities of another U.S. Government entity. These financial statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

### B. Basis of Accounting and Presentation

As a legislative branch agency, AOC is not required to follow the accounting standards promulgated by the Federal Accounting Standards Advisory Board (FASAB). Also, AOC has not formally adopted the Government Management and Reform Act of 1994, the Federal Managers Financial Integrity Act of 1982, the Federal Financial Management Improvement Act of 1996, or the Government Performance and Results Modernization Act of 2010, as these apply only to executive branch agencies. Nonetheless, AOC refers to these regulations as a general guide for best practices and incorporates them into its financial management practices, as appropriate. Also, AOC has adopted U.S. Generally Accepted Accounting Principles (GAAP) for financial reporting in a manner consistent with other federal agencies. Therefore, AOC's financial statements have been prepared in conformity with GAAP as promulgated by FASAB. The American Institute of Certified Public Accountants (AICPA) recognizes FASAB standards as GAAP for federal reporting entities.

The AOC records both proprietary and budgetary accounting transactions. Following the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred, without regard to the actual collection or payment of cash.

Federal budgetary accounting recognizes the obligation and use of available budget authority and other fund resources upon the establishment of a properly documented legal obligation. The recognition of budgetary accounting transactions is essential for compliance with legal controls over the use of federal funds and for compliance with appropriations law.

In FY 2021 the Office of Management and Budget (OMB) has changed the required format of the Balance Sheet for all significant reporting entities to reflect more detail for certain line items. AOC has implemented this change, which will support the preparation and audit of the Governmentwide Financial Report and will standardize the Balance Sheet across significant entities, increasing its usefulness to financial report users.

### C. Fund Balance with Treasury

The AOC maintains most available fund balances with the U.S. Department of Treasury (Treasury). Fund Balance with Treasury (FBWT) represents the unexpended balances of expenditure and receipt accounts (see Note 3). Budget authority, receipts and disbursements are processed by Treasury, and AOC's records are reconciled with those accounts on a regular basis. In addition to the FBWT, AOC also has other cash deposits and investments that are held in accounts outside of Treasury, as described in Notes 4 and 5, respectively.

FBWT is an asset of AOC and a liability of the General Fund of the Government. The amount represents commitments by the Government to provide resources for particular programs, but does not represent net assets to the Government as a whole.

When AOC (like other reporting entities) seeks to use FBWT to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances all other disbursements, using some combination of budget authority, collections and other inflows, and borrowing from the public (if there is a budget deficit).

### D. Accounts Receivable

The AOC's receivables may include, but are not limited to amounts due for steam and chilled water provided to other agencies, food service commissions from operations at the CVC and Senate restaurants, flag-flying fees and employees' payroll-related debt. If applicable, accounts receivable from federal (intragovernmental) and non-federal sources may be reduced to net realizable value by the Allowance for Doubtful Accounts, which is based on management's review of outstanding receivables (see Note 6).

The AOC is legislatively authorized to retain a predetermined amount of steam and chilled water reimbursements to cover current year obligations. Any receivable (and subsequent collection) over the predetermined amount (Congressional cap) is a non-entity asset that is credited to Treasury's Miscellaneous Receipts account.

### E. Investments

All investments are reported at their acquisition (par) value, net of amortized premiums and discounts, as it is AOC's intent to hold long term investments to maturity. Purchases and sales of investments are recorded as of the trade date. Investment income is reported when earned. The market value of an investment is the market value at the end of the current reporting period.

**Intragovernmental (Investments Held With Treasury)**
The Capitol Visitor Center Act of 2008 (2 U.S.C. § 2201 et seq.) allows for proceeds from the sale of the CVC Gift Shops' inventory, restaurant commissions and miscellaneous collections from the CVC Gift Shops to be invested in government securities through the Bureau of the Fiscal Service's web-based application, Fed Invest. By law, interest income is credited to the fund.

**Public (Investments Held Outside Treasury)**

The AOC has funds invested by a trustee outside of Treasury as a result of financing the construction of the Marshall Building. Congress did not appropriate funds for the construction of the building but, instead, authorized the use of private financing to cover its cost. In 1989, AOC entered into a Development Management Agreement with Boston Properties for the design, development, and construction of the Marshall Building.

Shearson Lehman Hutton Inc. and Kidder, Peabody, & Co. Inc. issued 30-year Serial Zero Coupon Certificates of Participation to finance its construction. The discount on the purchase reflects the absence of coupon interest payments and is amortized over the life of these certificates. Pursuant to the Trust Agreement, the proceeds were received by a trustee, The United States Trust Company of New York (now The Bank of New York Mellon). These proceeds were deposited into two funds, the Project Fund and the Operating Reserve Fund, to cover the costs of the construction project. In 2007, the Project Fund balance was transferred to the Operating Reserve Fund. The Operating Reserve Fund is held outside the Treasury by the trustee and, at AOC's direction, the funds are invested and disbursed. The balance in the Operating Reserve Fund is held in reserve for future needs of the building (e.g., roof replacement or other major renovation) (see Note 5).

### F. Advances to others and Prepayments

Advances to others and Prepayments consist of amounts advanced by AOC to other federal trading partners for services to be provided under interagency agreements (see Note 10).

### G. Trust and Revolving Funds

**Trust and Special Funds**
The AOC has stewardship responsibility for one trust fund account, the National Garden Trust Fund, and one special fund account, the Capitol Trust Account.

The National Garden Trust Fund is subject to the direction of the Joint Committee on the Library (of Congress) and was established to accept gifts or bequests of money, plant material, and other property on behalf of the USBG. While this trust fund account still exists, it has a zero balance and is inactive.

The Capitol Trust Account was established pursuant to Public Law (P.L.) 113-76. The balance in this fund consists of permit fees collected by the United States

Capitol Police (USCP) to cover cleanup and other costs incurred by AOC as a result of commercial activity that is conducted in the area known as Union Square. Funds in this account are available for maintenance, improvements, and other Union Square projects subject to the approval of the Committees of the House of Representatives and Senate.

**Revolving Funds**
The AOC has stewardship responsibility for seven revolving funds to account for various programs and operations. Each of these funds is a distinct fiscal and accounting entity that accounts for cash and other financial resources together with all related liabilities and equities. These revolving funds are:

- House (of Representatives) Gymnasium Revolving Fund
- Senate Health and Fitness Facility Revolving Fund
- Senate Restaurant Revolving Fund
- Judiciary Office Building Development and Operations Fund
- CVC Revolving Fund
- Recyclable Materials Revolving Fund, and
- Flag Office Revolving Fund

The House (of Representatives) Gymnasium Revolving Fund was established in the Treasury for AOC to deposit dues paid by members and other authorized users of the House of Representatives Wellness Center. The AOC may expend fund amounts to pay for the operation of the facility.

The Senate Health and Fitness Facility Revolving Fund was established to deposit membership dues collected from authorized users of the Senate Health and Fitness Facility and proceeds from AOC's Senate recycling program. The AOC, subject to the approval of the Senate Committee on Appropriations, may expend fund amounts to pay for the preservation and maintenance of the facility.

The Senate Restaurant Revolving Fund was established in 1961 for the operation of the Senate restaurants. In 2008, control of the Senate restaurants was transferred to a private vendor and AOC took over its accounting functions. Following the transfer, the revolving fund is no longer used for the operation of the restaurants, but the account still exists for activities resulting from the conversion and continuing maintenance of the restaurants. Upon approval by the Senate Committee on Rules and Administration, available balances may be increased via transfers in from the U.S. Senate to AOC, as needed.

The Judiciary Office Building Development and Operations Fund is used to pay expenses related to the structural, mechanical, and domestic care, maintenance, operation, and utilities of the Marshall Building. The fund includes an investment that is held outside Treasury with The Bank of New York Mellon, via a Trust Agreement established to finance the construction of the Marshall Building.

The CVC Revolving Fund is used to administer funds from the sale of the Gift Shops' inventory, the deposit of miscellaneous receipts from the CVC Gift Shops, commissions paid to the CVC for food service operations and any fees collected from other functions within the CVC facility. This business-type revolving fund is invested in government securities through the Bureau of the Fiscal Service.

The Recyclable Materials Revolving Fund was established to collect the proceeds from the sale of recyclable materials from across AOC (excluding the Senate, which pursuant to 2 U.S.C. § 2026 (b) (2), deposits such funds in the Senate Health and Fitness Facility Revolving Fund). Available funds in this account may be used to carry out recycling programs or other programs that promote energy savings at AOC.

The Flag Office Revolving Fund was established pursuant to P.L. 115-31 for services provided by AOC Flag Office. The balance in this fund consists of flag fees collected by the Flag Office and is available for the Flag Office's expenses, including:

- supplies, inventories, equipment, and other expenses
- reimbursement of any applicable appropriations account for amounts used from such appropriations account to pay the salaries of employees of the Flag Office
- amounts necessary to carry out the authorized levels in the Fallen Heroes Flag Act of 2016

**Funds from Dedicated Collections**
Statements of Federal Accounting Standards (SFFAS) No. 27 Identifying and Reporting Funds from Dedicated Collections, as amended by SFFAS No. 43, Dedicated Collections: Amending SFFAS No. 27, Identifying and

Reporting Funds, defines funds from dedicated collections as financed by specifically identified revenues, provided to the government by non-federal sources, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from the Government's general revenues. As of the current reporting period, there are no AOC funds that meet the criteria for funds from dedicated collections.

**H. Recognition of Financing Sources**

The AOC receives funding to support its programs through appropriations and offsetting collections authorized by Congress. Funding for operating and capital expenditures is received as annual, multi-year, and no-year appropriations. This includes funding provided in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, under the Capital Construction and Operations (CCO) account as well as other emergency supplemental appropriations.

The appropriations that AOC manages are listed below. Inactive funds are included below for full disclosure.

1. Capitol Building
    - Capitol Building
    - Flag Office Revolving Fund

2. Capitol Grounds and Arboretum
    - Capitol Grounds and Arboretum
    - West Central Front (inactive)
    - Capitol Trust Account (Union Square)

3. Capitol Police Buildings, Grounds and Security
    - Capitol Police Buildings, Grounds and Security

4. Capital Construction and Operations
    - Capital Construction and Operations
    - Recyclable Materials Revolving Fund
    - Americans with Disabilities Act (inactive)
    - Congressional Cemetery (inactive)

5. House Office Buildings
    - House Office Buildings
    - House Office Buildings Fund
    - House of Representatives Gymnasium Revolving Fund
    - House Historic Buildings Revitalization Trust Fund

6. Library Buildings and Grounds
    - Library Buildings and Grounds

7. Senate Office Buildings
    - Senate Office Buildings
    - Senate Health and Fitness Facility Revolving Fund
    - Senate Restaurant Revolving Fund

8. Capitol Power Plant
    - Capitol Power Plant

9. U.S. Botanic Garden
    - Botanic Garden
    - National Garden (inactive)

10. U.S. Capitol Visitor Center
    - U.S. Capitol Visitor Center
    - U.S. Capitol Visitor Center Revolving Fund

11. Supreme Court Building and Grounds
    - Supreme Court
    - Judiciary Office Building Development and Operations Fund

In 1989, AOC received borrowing authority to finance the cost of the Marshall Building construction. Even though AOC did not directly sell the zero coupon certificates to the public, the debt is treated substantively the same as direct federal construction financed by direct federal borrowing since it is guaranteed by the Federal Government. The annual payment and amortization of the debt is reflected in these financial statements as a resource realized from borrowing authority (see Note 12). AOC's borrowing authority was fully utilized to issue the public bonds and, therefore, AOC has no additional available borrowing authority at this time. As a component of the Government-wide reporting entity, AOC is subject to the federal budget process, which involves appropriations that are provided annually and appropriations that are provided on a permanent basis. The financial transactions that are supported by budgetary resources, which include appropriations, are generally the same transactions reflected in agency and the Government-wide financial reports. These AOC's budgetary resources reflect past congressional actions that enable the entity to incur budgetary obligations in a given year. Budgetary obligations are legal obligations for goods, services, or amounts to be paid based on statutory provisions (e.g., employee benefits).

**I. Operating Materials and Supplies**

The AOC's materials and supplies consist of tangible personal property consumed during normal operations. Per SFFAS No. 3, Accounting for Inventory and Related Property, operating materials and supplies are recorded using the purchases method. AOC currently uses this method, which provides that operating materials and supplies be expensed when purchased. Operating materials and supplies are purchased using funds specifically appropriated to AOC's jurisdictions. Therefore, the related usage of those materials and supplies is intended for those specific jurisdictions making the purchases.

## J. Inventory

Inventory consists of retail goods purchased for resale at the CVC's Gift Shops. It is recorded at historical cost, using the weighted average valuation method, in accordance with SFFAS No. 3, Accounting for Inventory and Related Property. The recorded values may be adjusted based on the results of periodic physical inventory counts. Inventory purchased for resale may be categorized as follows: (1) purchased goods held for current sale, (2) purchased goods held in reserve for future sale and (3) slow-moving, excess or obsolete inventory. Examples of the retail goods included in inventory are books, apparel, ornaments and other souvenirs. The AOC may also record an allowance which is based on slow-moving, excess or obsolete and damaged inventory, or as a result of known restrictions on the sale or disposition of inventory (see Note 7).

## K. Public-Private Partnerships

In FY 2016, AOC entered into a contract with the Washington Gas Light Company to construct a cogeneration facility. Cogeneration, also known as combined steam and power, uses a single fuel source and simultaneously produces electricity and steam. This facility provides heat and electricity for use by AOC and its jurisdictions and other federal agencies, with excess capacity being sold potentially to non-federal entities as well. The AOC has evaluated this arrangement against the disclosure requirements outlined in SFFAS No. 49, Public-Private Partnerships (P3) and determined that cogeneration does not meet the conclusive and suggestive characteristics of a P3 (see Notes 11, 14 and 16).
The Energy Policy Act of 1992 authorized the use of private sector financing to implement energy conservation methods and energy-efficient technologies by federal entities. These contracts provide technical services and upfront project financing and allow federal agencies to pay off the project costs over a period not to exceed 25 years. Per OMB Memoranda M-98-13 and M-12-21, obligations, budget authority and outlays for these energy savings projects will be recognized on an annual basis when due, rather than recording the full obligation upfront.

## L. General Property, Plant and Equipment, Net

The AOC records property at cost, in accordance with SFFAS 6, Accounting for Property, Plant, and Equipment. Real property and equipment are depreciated over their estimated useful lives, which range from three to 40 years, using the straight-line method. Depreciation is based on the half-year and full-month conventions for buildings and equipment, respectively. All property (real and personal) is in AOC's possession and there is nothing held by others (see Note 8).

The following table presents AOC's capitalization thresholds and related useful lives:

| PROPERTY TYPE | USEFUL LIFE (YEARS) | CAPITALIZATION THRESHOLD |
|---|---|---|
| Real Property | 40 | $500,000 |
| Improvements | 20 | $500,000 |
| Equipment and Vehicles | 3-15 | $25,000 |
| Assets Under Capital Lease | Shorter of Lease Term or Useful Life of Property Type | See Related Property Type |
| Internal Use Software (Intellectual Property) | 3 | $5,000,000 |

## M. Stewardship Property, Plant & Equipment

Stewardship land and heritage assets have physical properties that resemble those of General Property, Plant & Equipment (PP&E), which are traditionally capitalized in the financial statements. Due to the nature of stewardship assets, however, determining a monetary value would be difficult, and matching costs with specific periods may not be possible or meaningful. Heritage assets are PP&E that are unique and are generally expected to be preserved indefinitely. Heritage assets have historical or natural significance; are of cultural, educational, or artistic importance or have significant architectural characteristics. These assets are reported in terms of physical units rather than cost or other monetary values per SFFAS No. 29, Heritage Assets and Stewardship Land. There are two types of heritage assets: collection, which are objects gathered and maintained for exhibition, such as museum and art collections; and non-collection, which are parks, memorials, monuments and buildings. The AOC holds both collection and non-collection heritage stewardship assets (see Note 9).

### N. Liabilities

Liabilities represent the amounts owed to others for goods or services received, claims against the agency, and other probable future outflows of resources as a result of past transactions or current conditions (e.g., debt or environmental cleanup liabilities). Some liabilities are funded while others are classified as "unfunded" because no liability may be paid without an enacted appropriation. For example, accrued unfunded annual leave and workers' compensation remain unfunded until future appropriations are enacted to cover these costs. The Balance Sheet includes, but is not limited to the following types of liabilities:

**Accounts Payable**
Accounts Payable are amounts owed by AOC to vendors, contractors and federal agencies for goods and services received but not yet paid at the end of the reporting period.

**Advances from Others and Deferred Revenue**
Advances from Others and Deferred Revenue consists of amounts advanced to AOC by other federal trading partners for services to be provided under reimbursable agreements (see Note 10).

**Federal Debt and Interest Payable**
The AOC recognizes a liability for the 30-year Coupon Certificates of Participation issued to finance the Marshall Building construction. The liability is reduced by semi- annual payments of principal and interest. These payments are secured by the rent collected from the Administrative Office of the U.S. Courts. Interest payable is accrued for the coupon certificates as well as the financed portion of the cogeneration facility (see Note 12).

**Contract Holdbacks (included in Other Liabilities)**
Contract Holdbacks (retainage) consists of a percentage of the contract price that is due to the vendor or contractor but is held by AOC to provide assurance that the service or project will be completed as required by the contract terms. The amount that is held-back is released to the vendor or contractor upon satisfactory completion of the service or project (see Note 14).

**Environmental and Disposal Liabilities**
The AOC accounts for contingencies in accordance with SFFAS No. 5, Accounting for Liabilities of the federal Government. This standard defines a contingency as an existing condition, situation, or set of circumstances involving uncertainty as to the possible gain or loss to an entity that will ultimately be resolved when one or more future events occur or fail to occur. Management recognizes a contingent liability for liabilities equal to or greater than $100 thousand when a past transaction or event has occurred, a future outflow or other sacrifice of resources is probable and the related future outflow is measurable (see Note 13).
SFFAS No. 5 also provides criteria for recognizing a contingent liability for material amounts of environmental cleanup costs that are related to general and stewardship PP&E used in federal operations. In accordance with Technical Bulletin 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs, AOC recognizes a liability and related expense for friable and non-friable asbestos cleanup costs when it is both probable and reasonably estimable - consistent with SFFAS No. 5, SFFAS No. 6, and Technical Release No. 2 (see Note 13).

### O. Personnel Compensation and Benefits

**Annual and Other Leave**
Annual leave is recognized as an expense and a liability as it is earned. The liability is reduced as leave is taken. The accrued leave liability is principally long-term in nature and is classified as unfunded. Other types of leave are expensed when taken and no future liability is recognized for these amounts.

**Federal Employees' Compensation Act Benefits**
The FECA program is administered by the U.S. Department of Labor (DOL), which initially pays valid claims and subsequently seeks reimbursement from the federal agencies employing the claimants (Accounts payable). The DOL determines the actuarial liability for claims outstanding at the end of each fiscal year. This liability includes the estimated future costs of death benefits, workers' compensation and medical and miscellaneous costs for approved compensation cases (Federal employee and veteran benefits payable/ see Note 11).

**Pensions**
Most employees of AOC participate in one of three defined-benefit retirement programs based on their employment start date. Employee and AOC contributions are made to the Civil Service Retirement System (CSRS), the CSRS Offset or the Federal

Employees Retirement System (FERS) – all administered by the Office of Personnel Management (OPM). Employees may also participate in the Thrift Savings Plan (TSP), a defined contribution retirement savings and investment plan, as authorized by the Federal Employees Retirement System Act of 1986. The Federal Retirement Thrift Investment Board administers this plan. The AOC also withholds the necessary payroll deductions for employee contributions.

The AOC is not responsible for and does not report CSRS, FERS assets, accumulated plan benefits or liabilities applicable to its employees on its financial statements. The OPM is responsible to report these amounts. The AOC recognizes an imputed financing source for the difference between the estimated OPM service cost and the sum of participants' pension withholdings and Agency contributions (see Note 17).

**Health Benefits and Life Insurance**
The AOC recognizes a current-period expense for the future cost of post-retirement health benefits and life insurance for its employees while they are actively employed. This amount is also considered imputed financing (see Note 17).

**P. Statement of Net Cost**

The Statement of Net Cost (SNC) is presented by responsibility segment (which are AOC jurisdictions), in accordance with SFFAS No. 4, Managerial Cost Accounting Standards and Concepts. The AOC believes the responsibility segment approach currently provides cost information to its stakeholders in a direct, informative, and succinct manner.
The 11 responsibility segments reported on the SNC are identified below.

- Capital Construction and Operations
- Capitol Building
- Capitol Grounds and Arboretum
- Capitol Police Buildings, Grounds, and Security
- Capitol Power Plant
- House Office Buildings
- Library Buildings and Grounds
- Senate Office Buildings
- Supreme Court Building and Grounds
- U.S. Botanic Garden
- U.S. Capitol Visitor Center

Revenues reported on the SNC are principally recorded on a direct cost recovery basis.

**Q. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities (including contingent liabilities), revenues, financing sources, expenses and obligations incurred during the reporting period. These estimates are based on management's best knowledge of current events, historical experience and other assumptions that are believed to be reasonable under the circumstances. Estimates are subject to a wide range of variables, including assumptions on future economic and financial events. Accordingly, actual results may differ from those estimates.

## NOTE 2: NON-ENTITY ASSETS

Non-entity assets are those held by AOC but are unavailable for use in its operations. Activities that may give rise to non-entity assets include:

- Monocle Restaurant rent collections
- USBG palm tree rental proceeds
- Repayment of employees' debt, which was established in funds that are now canceled
- Steam and chilled water collections over the annual Congressional cap (see Note 1.D).

Upon receipt, these funds are not available for AOC to use and are transferred to Treasury.

The AOC's non-entity assets as of September 30, 2021, and 2020, were as follows:

**Dollars in Thousands**

| NON-ENTITY ASSETS | 2021 | 2020 |
|---|---|---|
| **With the Public** | | |
| Accounts Receivable, Net (Note 6) | $7 | $2 |
| **Total Non-Entity Assets** | **$7** | **$2** |
| **Total Entity Assets** | **$3,825,448** | **$3,498,736** |
| **Total Assets** | **$3,825,455** | **$3,498,738** |

Non-Entity Accounts Receivable consist of Employee Payroll Receivables, which are reduced as the debt is collected.

## NOTE 3: FUND BALANCE WITH TREASURY

FBWT is classified in the following categories:

**a) Unobligated Balance**
Unobligated Balance Available includes unexpired budget authority. The amount disclosed in this note as

Unobligated Balance Available may not reconcile to the amount reported as Unobligated-Exempt from apportionment on the Combined Statement of Budgetary Resources (SBR) due to anticipated collections (closed out at year end) and budgetary resources that are not part of the FBWT such as investments (see Note 5). Additionally, any amounts in FBWT for which the related budgetary authority is restricted will not reconcile to the SBR. The AOC has unobligated balances derived from offsetting collections for space rented in the O'Neill Building. These amounts are available for future obligations upon Congressional appropriation.
Unobligated Balance Unavailable represents expired budget authority that is no longer available to incur new obligations unless authorized by Congress. An example of this is for FECA and unemployment payments, which are derived from expired balances.

**b) Obligated Balance Not Yet Disbursed**
Obligated balance not yet Disbursed includes undelivered orders or orders that have been received but not yet paid for.

**c) Non Budgetary FBWT**
Non Budgetary FBWT (if applicable) includes unavailable miscellaneous receipts and suspense accounts that have no associated budget authority.

**Dollars in Thousands**

| FUND BALANCE WITH TREASURY TYPE | 2021 | 2020 |
|---|---|---|
| Unobligated Balance | | |
| Available | $791,307 | $444,677 |
| Unavailable | 27,363 | 22,952 |
| Obligated Balance not yet Disbursed | 430,362 | 547,149 |
| Non Budgetary FBWT | - | - |
| **Total** | **$1,249,032** | **$1,014,778** |

The increase in Unobligated Balance Available is mainly due to the emergency supplemental appropriations received in FY 2021 for funding AOC's response to the events at the United States Capitol on January 6, 2021 and for coronavirus response.
In FY 2021 the decrease in Obligated Balance not yet Disbursed reflects the payment of prior year obligations related to various capital improvement projects for the House and Senate Office Buildings, such as the Cannon House Office Building renewal and the Senate Underground Garage projects.

## NOTE 4: CASH AND OTHER MONETARY ASSETS

Cash and Other Monetary Assets include change-making funds held in a bank outside Treasury for the CVC Gift Shops' operations and undeposited daily sales from the Gift Shops (if applicable). There are no restrictions on cash. The CVC remains closed for public tours since Thursday, March 12, 2020 at 4:30 p.m. due to public health concerns associated with COVID-19. While the CVC Gift Shops remain closed, CVC began utilizing an e-commerce sales platform during the first quarter of FY 2021. There are no undeposited collections to be reported for the year ended September 30, 2021.

The cash balances as of September 30, 2021, and 2020, are as follows:

**Dollars in Thousands**

| CASH & OTHER MONETARY ASSETS | 2021 | 2020 |
|---|---|---|
| Cash Imprest Funds | $14 | $14 |
| **Total** | **$14** | **$14** |

## NOTE 5: INVESTMENTS

Intragovernmental Investments are comprised of proceeds from CVC Gift Shops sales and restaurant commission receipts. These amounts are invested with Treasury's Bureau of the Fiscal Service and are classified as intragovernmental. Investments with the public comprise the investment of the Thurgood Marshall Building Operating Reserve Fund with the Bank of New York Mellon. The FY 2021 Intragovernmental Investments, Net decreased due to additional CVC spending related to the Exhibition Hall Renovation Project and decreased collections from the CVC Gift Shops as a result of the COVID-19 pandemic-related closures. Although the CVC Gift Shops are closed, ecommerce sales are ongoing since the first quarter of FY 2021.

The difference in the type of certificates (one-day, six-month, and one-year, as applicable) reflects the maturity of previously held securities. Upon maturity, the proceeds from six-month and one-year securities remain in one-day certificates until they are utilized to cover necessary expenses or reinvested in longer term certificates.

**At September 30, 2021, Dollars in Thousands**

| INVESTMENTS | SHARES/PAR | AMORTIZED PREM. / (NET OF DISC.) | INTEREST RECEIVABLE | INVESTMENTS, NET | Unrealized Gain/(Loss) | MARKET VALUE |
|---|---|---|---|---|---|---|
| INTRAGOVERNMENTAL, NONMARKETABLE: | | | | | | |
| Capitol Visitor Center Revolving Fund | | | | | | |
| One Day Certificate, 0.05% Annual Yield Maturing 10/1/2021 | $6,726 | $- | $- | $6,726 | $- | $6,726 |
| Six Month Certificate, 0.05% Annual Yield Maturing 1/13/2022 | 5,001 | - | - | 5,001 | - | 5,001 |
| **Total Intragovernmental** | **$11,727** | **$-** | **$-** | **$11,727** | **$-** | **$11,727** |
| **With the Public, Held to Maturity:** | | | | | | |
| The Bank of New York Mellon Operating Money Market Fund (DREYFUS) | $10,755 | $- | $- | $10,755 | $- | $10,755 |
| **Total With the Public** | **$10,755** | **$-** | **$-** | **$10,755** | **$-** | **$10,755** |
| **Total Investments** | **$22,482** | **$-** | **$-** | **$22,482** | **$-** | **$22,482** |

**At September 30, 2020, Dollars in Thousands**

| INVESTMENTS | SHARES/PAR | AMORTIZED PREM. / (NET OF DISC.) | INTEREST RECEIVABLE | INVESTMENTS, NET | Unrealized Gain/(Loss) | MARKET VALUE |
|---|---|---|---|---|---|---|
| INTRAGOVERNMENTAL, NONMARKETABLE: | | | | | | |
| Capitol Visitor Center Revolving Fund | | | | | | |
| One Day Certificate, 0.07% Annual Yield Maturing 10/1/2020 | $11,325 | $- | $- | $11,325 | $- | $11,325 |
| Six Month Certificate, 0.125% Annual Yield Maturing 01/21/2021 | 5,003 | (2) | - | 5,001 | 1 | 5,002 |
| One Year Certificate, 1.45% Annual Yield Maturing 01/28/2021 | 4,059 | (19) | | 4,040 | 18 | 4.058 |
| **Total Intragovernmental** | **$20,387** | **$(21)** | **$-** | **$20,366** | **$19** | **$20,385** |
| **With the Public, Held to Maturity:** | | | | | | |
| The Bank of New York Mellon Operating Money Market Fund (DREYFUS) | $10,761 | $- | $- | $10,761 | $- | $10,761 |
| **Total With the Public** | **$10,761** | **$-** | **$-** | **$10,761** | **$-** | **$10,761** |
| **Total Investments** | **$31,148** | **$(21)** | **$-** | **$31,127** | **$19** | **$31,146** |

## NOTE 6: ACCOUNTS RECEIVABLE, NET

The AOC's Accounts Receivable as of September 30, 2021, and 2020, are as follows:

**Dollars in Thousands**

| ACCOUNTS RECEIVABLE | 2021 | 2020 |
|---|---|---|
| **Intragovernmental** | | |
| Entity | $643 | $607 |
| **Total Intragovernmental** | **$643** | **$ 607** |
| **With the Public** | | |
| Entity | $272 | $355 |
| Non-Entity | 7 | 2 |
| **Total With the Public** | **$279** | **$357** |
| **Total** | **$922** | **$964** |

Based on analysis of historical collections and write-offs, all accounts are currently considered collectible and there is no allowance for doubtful accounts as of the current period.

The increase in Intragovernmental Accounts Receivable is mainly due to higher steam and chilled water usage in the last quarter of FY 2021 as opposed to FY 2020. The decrease in the Entity Accounts Receivable with the Public is mainly due to the timely collection of the outstanding steam and chilled water receivables during FY 2021 as opposed to FY 2020. See Note 2, Non-Entity Assets for the explanation of the increase in Non-Entity Accounts Receivable.

## NOTE 7: INVENTORY & RELATED PROPERTY, NET

Inventory consists of retail goods that were purchased for resale at the CVC's Gift Shops.

Inventory, as of September 30, 2021, and 2020, is as follows:

**Dollars in Thousands**

| INVENTORY CATEGORY | 2021 | 2020 |
|---|---|---|
| Purchased Goods Held for Current Sale | $1,351 | $1,185 |
| **Total** | **$1,351** | **$1,185** |

The change in Inventory is due to additional inventory purchases to support the e-commerce sales platform. The physical CVC Gift Shops remain closed due to the ongoing COVID-19 pandemic.

The CVC Retail Division responded to a Department of State request for assistance in providing U.S. made products for the USA Pavilion at World EXPO 2020-21. The Retail team supplied products from the current inventory for the Expo (formerly known as the World's Fair), which is being held in Dubai. The project provided a unique opportunity to increase the visibility of our U.S. made vendors and small businesses, while reducing current inventory levels. This was especially helpful during the ongoing closure of the CVC.

Inventory on hand may include damaged items which consist of broken and/or stained merchandise that are no longer in saleable condition, such as display items. Discontinued or defective merchandise may also be restricted from future sales and carried as damaged inventory until disposed.

The AOC may record an allowance which is based on slow-moving, excess or obsolete and damaged inventory, if applicable. Based upon management's reviews and the most recent inventory count, all damaged inventory was disposed in accordance with normal operating practices. Therefore, there is no damaged or restricted inventory to report as of September 30, 2021.

## NOTE 8: GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

The AOC records property and equipment by distinct categories as shown in the following table (see Note 1.L for AOC's capitalization thresholds and related useful lives).

The following charts represent AOC's real property and equipment values, by asset category, as of September 30, 2021, and 2020:

**At September 30, 2021, Dollars in Thousands**

| CLASS OF PROPERTY AND EQUIPMENT | ACQUISITION VALUE | ACCUMULATED DEPRECIATION | NET BOOK VALUE | % |
|---|---|---|---|---|
| Buildings | $1,440,184 | $865,133 | $575,051 | 22.6% |
| Buildings Improvements | 2,678,941 | 1,271,503 | 1,407,438 | 55.2% |
| Capital Leases (Real Property) | 40,143 | 37,647 | 2,496 | 0.1% |
| Leasehold Improvements | 19,830 | 17,987 | 1,843 | 0.1% |
| Equipment and Internal Use Software | 34,627 | 17,544 | 17,083 | 0.7% |
| Land | 169,231 | - | 169,231 | 6.6% |
| Land Improvements | 150,809 | 119,119 | 31,690 | 1.2% |
| Other Structures | 9,288 | 5,417 | 3,871 | 0.2% |
| Construction Work-in-Progress | $340,049 | $- | $340,049 | 13.3% |
| **Total** | $4,883,102 | $2,334,350 | $2,548,752 | 100% |

**At September 30, 2020, Dollars in Thousands**

| CLASS OF PROPERTY AND EQUIPMENT | ACQUISITION VALUE | ACCUMULATED DEPRECIATION | NET BOOK VALUE | % |
|---|---|---|---|---|
| Buildings | $1,440,184 | $838,164 | $602,020 | 24.5% |
| Buildings Improvements | 2,362,061 | 1,167,300 | 1,194,761 | 48.8% |
| Capital Leases (Real Property) | 40,143 | 37,036 | $3,107 | 0.1% |
| Leasehold Improvements | 22,934 | 20,389 | $2,545 | 0.1% |
| Equipment and Internal Use Software | 21,686 | 17,636 | $4,050 | 0.2% |
| Land | 169,231 | - | 169,231 | 6.9% |
| Land Improvements | 164,010 | 118,590 | 45,420 | 1.9% |
| Other Structures | 9,289 | 5,057 | $4,232 | 0.2% |
| Construction Work-in-Progress | $425,090 | $- | $425,090 | 17.3% |
| Total | $4,654,628 | $2,204,172 | $2,450,456 | 100% |

The increase in Building Improvements is primarily due to the recognition of additional fixed assets as work is completed on various ongoing capital improvement projects, with the largest being the Cannon House Office Building Renewal Phase 2. The increase in the Building Improvements asset category directly relates to the associated decrease in the Construction Work in Progress asset category net of new activity during the fiscal year.

The AOC's current year PP&E activity is as follows:

**Dollars in Thousands**

| CURRENT YEAR ACTIVITY NET PP&E | |
|---|---|
| Balance at Beginning of year | $2,450,456 |
| Capitalized Acquisitions | 242,879 |
| Dispositions | (14,405) |
| *Depreciation expense | (130,178) |
| **Balance at end of year** | **$2,548,752** |

**Depreciation expense represents current year change in accumulated depreciation.*

The educational, artistic, architectural, and historical significance of many of AOC's buildings meet the FASAB criteria for heritage assets. Since these buildings are currently used for day-to-day business, they are further classified as multi-use heritage assets (see Note 9). As a result, they are depreciated in the same manner as if they were general purpose assets. Although the original assets are fully depreciated, subsequent improvements and betterments to the buildings are currently being depreciated in accordance with established policy. The AOC is responsible for reviewing and authorizing all structural and architectural changes to the buildings and grounds prior to any change occurring.

## NOTE 9: STEWARDSHIP PP&E

The AOC maintains and preserves stewardship PP&E related to its mission to serve Congress and the Supreme Court, preserve America's Capitol and inspire memorable experiences. Tracing its beginnings to the laying of the U.S. Capitol Building cornerstone in 1793, authority for the AOC's care and maintenance of the U.S. Capitol was established by legislation in 1876. The agency maintains multiple categories of heritage assets, including historic buildings and structures, stewardship lands and cultural landscapes, artwork, architectural features, reference and library materials, and living botanical assets. The AOC shares stewardship responsibility for certain heritage assets with the curators for the U.S. Senate and the House of Representatives. These assets are categorized as joint works of art and included in the AOC's inventory. In addition, while the AOC is responsible for the architectural fine art adorning the Supreme Court of the United States, the collectible fine art within the building is cared for by the curator of the Supreme Court of the United States.

The AOC's heritage asset management is guided by the Secretary of the Interior's Standards and Guidelines for Treatment of Historic Properties and Cultural Landscapes and by the Code of Ethics and Guidelines for Practice of the American Institute for Conservation of Historic and Artistic Works. The reference and library materials collection is guided by the National Archives and Records Administration preservation standards and the living botanical assets collection is guided by the standards for care of the American Alliance of Museums and Botanic Garden Conservation International. The AOC's stewardship PP&E is described more fully in the Required Supplementary Information (RSI). Deferred maintenance and repairs are separately disclosed as RSI.

### Historic Buildings and Structures

The AOC maintains multiple historic buildings and structures. These facilities include the U.S. Capitol Building, Russell Senate Office Building, Dirksen Senate Office Building, Hart Senate Office Building, Senate Underground Garage, Daniel Webster Page Residence, Cannon House Office Building, Longworth House Office Building, Rayburn House Office Building, East and West House Underground Garages, Ford House Office Building, Thomas Jefferson Building, John Adams Building and James Madison Memorial Building. They also include the U.S. Botanic Garden (USBG) Conservatory, USBG Administration Building, Capitol Power Plant Main Boiler Building, Capitol Power Plant East Refrigeration Plant, Capitol Power Plant Old Generator Building, the Supreme Court of the United States and Thurgood Marshall Federal Judiciary Building. All of these facilities are predominantly used in general government operations and are considered multiuse heritage assets. Multiuse heritage assets are reported at cost, depreciated over their estimated useful life and presented as General Property, Plant and Equipment, Net on the Balance Sheet. Historic buildings and structures are added or withdrawn through congressional action.

**Stewardship Land and Cultural Landscapes**

The AOC-administered stewardship land encompasses more than 570 acres of grounds. This includes the U.S. Capitol Grounds, the approximately 286 acres immediately surrounding the U.S. Capitol Building designed by noted American landscape architect Frederick Law Olmsted. In addition, heritage assets include cultural landscapes such as the Senate Park, Senate office building sites and courtyards, House office building sites and courtyards, Botanic Garden, National Garden, Bartholdi Park, USBG Administration Building site, Union Square, Thomas Jefferson Building site, John Adams Building site, James Madison Memorial Building site, Supreme Court of the United States site and the Thurgood Marshall Building site, as well as the memorial trees planted on the U.S. Capitol Grounds to honor distinguished citizens, groups and national events. In general, units of stewardship land are added or withdrawn through congressional action. Memorial trees are added through congressional action or donation and withdrawn due to the tree dying or disease.

An inventory of the memorial trees as of September 30, 2021, and 2020 follows:

| DESCRIPTION | 2020 | ADDED | WITHDRAWN | OTHER ADJUSTMENTS | 2021 | CONDITION |
|---|---|---|---|---|---|---|
| Memorial Trees | 150 | 1 | - | 1* | 152 | Poor to Excellent |

*In FY 2021, the ending inventory was adjusted to include a memorial tree located on the grounds surrounding the Library of Congress' buildings that was not previously included.

**Collectible Heritage Assets**

The AOC is the steward of collectible heritage assets. In general, collectible heritage assets are added or withdrawn through congressional action. Living botanical assets are added through congressional action or donation, and withdrawn due to plants dying or being composted/discarded due to disease or change in institutional need. Collectible heritage assets include:

**Artwork:** The AOC cares for artwork that is part of the Capitol campus. These include fine art, decorative art, architectural fine art and architectural decorative art.

**Architectural Features:** The Capitol campus is graced with many unique architectural features. These include outdoor sculptures, monuments and landscape features and fixtures.

**Reference and Library Materials:** The AOC's collections include art and reference files, art and reference library materials and archival records (both traditional and electronic). The traditional archival records include architectural and engineering drawings, manuscripts, paper records, small architectural models, photographs and conservation reports. The electronic archival records are heritage assets retained on electronic storage media including, but not limited to, architectural and engineering drawings and textual records.

**Living Botanical Assets:** The AOC accounts for the living botanical assets in the USBG collection. These include a variety of plants for exhibition, study and exchange with other institutions.

An inventory of the AOC's collectible heritage assets as of September 30, 2021, and 2020 follows:

| DESCRIPTION | 2020 | ACQUIRED | WITHDRAWN | OTHER ADJUSTMENTS | 2021 | CONDITION |
|---|---|---|---|---|---|---|
| Artwork | 1,953 | 55 | (2) | - | 2,006 | Poor to Excellent |
| Architectural Features | 202 | - | - | - | 202 | Fair to Excellent |
| Reference and Library Materials: | | | | | | |
| Art and Reference Files (Drawers) | 108 | - | - | - | 108 | Good |
| Art and Reference Library Materials (Volumes) | 1,219 | 21 | - | - | 1,240 | Good |
| Other Traditional Archival Records | 552,049 | 14,047 | - | - | 566,096 | Fair to Excellent |
| Electronic Archival Records (Megabytes (MB)) | 12,101.38 | 5,476.32 | - | - | 17,577.70 | N/A |
| Living Botanical Assets (Accessions) | 9,923 | 565 | (737) | (139)* | 9,612 | N/A |

*The ending inventory of living botanical assets was adjusted downward to remove duplicate accessions discovered during an inventory check and database review for FY 2021.

## NOTE 10: ADVANCES AND PREPAYMENTS

Advances and Prepayments consist of the unliquidated balance on advances and prepayments to and from other federal agencies for work to be performed under interagency and reimbursable agreements.

**Dollars in Thousands**

| ASSETS | 2021 | 2020 |
|---|---|---|
| **Intragovernmental** | | |
| Advances to others and Prepayments | $2,902 | $214 |
| **Total Intragovernmental** | **$2,902** | **$214** |
| **Total** | **$2,902** | **$214** |

**Dollars in Thousands**

| LIABILITIES | 2021 | 2020 |
|---|---|---|
| **Intragovernmental** | | |
| Advances from Others | $26,521 | $44,327 |
| **Total Intragovernmental** | **$26,521** | **$44,327** |
| **Total** | **$26,521** | **$44,327** |

The increase in Advances to others and Prepayments is attributed to additional advance payments to federal trading partners for the Power Plant Utility Studies and Energy project, the Cannon House Office Building renewal project, and the Rayburn House Office Building Garage Interior Rehabilitation project.

The decrease in Advances from Others is mainly due to the liquidation of advances received from other federal agencies as work was completed on various reimbursable construction projects mainly for the Thurgood Marshall Building.

## NOTE 11: LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The Balance Sheet includes some liabilities not covered by current budgetary resources. Such liabilities require future Congressional action whereas liabilities covered by budgetary resources reflect prior congressional action. Regardless of when the congressional action occurs, when the liabilities are liquidated, Treasury will finance the liquidation in the same way that it finances all other disbursements, which is to borrow from the public if the Government has a budget deficit (and to use current receipts if the Government has a surplus). The AOC's liabilities that do not require the use of budgetary resources are undeposited CVC Gift Shops sales and miscellaneous receipts that are to be forwarded to Treasury.

The amount reported as "Other Liabilities" in the following table includes the financed portion of the cogeneration facility. While this amount is currently not covered by budgetary resources, the annual payment of principal and interest on the liability will be made from annual appropriations to the Capitol Power Plant (see Notes 1, 14, and 16). The Capital lease liability reported in the following table includes the principal due in future years only.

Workers' Compensation is reported as required by FECA. It includes long-term, actuarially-calculated unfunded liability (Actuarial unfunded worker's compensation) and short term unfunded payable (Benefit program contributions payable). The actuarial workers' compensation liability was calculated using a formula provided by the DOL. Estimated future costs have been actuarially determined and they are regarded as a liability to the public because neither the costs nor reimbursement have been recognized by DOL. The current (short term) portion of the FECA liability represents an annual accrued liability for billed costs and is reflected in the Accounts Payable line of the balance sheet.

Unfunded accrued annual leave represents the value of employees' earned leave that they are entitled to upon separation and that will be funded by future years' budgetary resources.

Liabilities covered and not covered by budgetary resources as of September 30, 2021, and 2020, are as follows:

**Dollars in Thousands**

| LIABILITIES | 2021 | 2020 |
|---|---|---|
| **Intragovernmental** | | |
| Benefit program contributions Payable | $7,790 | $8,720 |
| **Total Intragovernmental** | **$7,790** | **$8,720** |
| Federal debt and interest payable (Note 12) | $45,610 | $58,229 |
| Federal employee and veterans benefits payable: | | |
| Unfunded accrued annual leave | 19,296 | 18,611 |
| Actuarial unfunded worker's compensation | 49,322 | 51,668 |
| Environmental and disposal liabilities (Note 13) | 179,022 | 79,062 |
| Other: | | |
| Capital lease liability (Note 15) | 3,461 | 4,207 |
| Other liabilities without related budget obligation (Note 14) | 47,907 | 49,307 |
| **Total liabilities not covered by budgetary resources** | **$352,408** | **$269,804** |
| **Total liabilities covered by budgetary resources** | **99,763** | **133,925** |
| **Total liabilities not requiring budgetary resources (Note 14)** | **7** | **2** |
| **Total liabilities** | **$452,178** | **$403,731** |

## NOTE 12: FEDERAL DEBT AND INTEREST PAYABLE

The AOC is responsible for paying 30-year Serial Zero Coupon Certificates of Participation that were issued in 1989 for financing the construction of the Marshall Building. The certificates were issued at $125.4 million with a maturity value of $525.5 million and are amortized using the effective interest rate of 9 percent (corresponding to the discount). Interest payable is accrued for the coupon certificates as well as the financed portion of the cogeneration facility. The presentation of this footnote has been changed consistent with OMB Circular A-136.

The balance of federal debt and interest payable, as of September 30, 2021, and 2020, are as follows:

**Dollars in Thousands**

| | FY 2020 | | | FY 2021 | |
|---|---|---|---|---|---|
| FEDERAL DEBT AND INTEREST PAYABLE, BY TYPE | BEGINNING BALANCE | BORROWING/ (REPAYMENTS), NET | ENDING BALANCE | BORROWING/ (REPAYMENTS), NET | ENDING BALANCE |
| Securities | $86,150 | $(17,230) | $68,920 | $(17,230) | $51,690 |
| Interest Payable | 810 | 276 | 1,086 | (108) | 978 |
| Discount on Securities | (400,123) | $- | (400,123) | $- | (400,123) |
| Less: Amortization of Discount on Securities | 382,602 | 5,744 | 388,346 | 4,719 | 393,065 |
| **TOTAL** | **$69,439** | **$(11,210)** | **$58,229** | **$(12,619)** | **$45,610** |

Various judiciary offices and personnel occupy the Marshall Building under an Interagency Agreement between AOC and the Administrative Office of the U.S. Courts. Base rent will not change over the initial 30 years and is set at $17.2 million annually, which is the amount necessary to retire the debt in August, 2024. This certificate is not subject to prepayment or acceleration under any circumstance, pursuant to the language in the certificate agreement.

## NOTE 13: ENVIRONMENTAL AND DISPOSAL LIABILITIES

The AOC also has responsibility to remediate certain sites with environmental contamination hazards related to ongoing operations.

**Environmental Cleanup Cost Liabilities Related to Asbestos Cleanup**

AOC is responsible for managing and/or abating friable and non-friable asbestos-containing materials (ACM) in all Capitol complex buildings owned by the federal government. Pursuant to the FASAB Technical Bulletin 2006-1, Recognition and Measurement of Asbestos-related Cleanup Costs, AOC recognizes a liability for cleanup costs that are both probable and reasonably estimable. This liability is founded on "per square and linear foot" cost indexes (based on current industry guidance for asbestos cleanup projects) which are then applied to recorded quantities of ACM to derive a total estimated liability.

Actual cleanup costs may differ from the recorded estimate due to additional cost factors that are, at this time, not reasonably estimable. For example, there may be an additional difficulty factor associated with AOC projects due to the unique working conditions on Capitol Hill. Additionally, containment (room or area) for asbestos abatement is a required work element that is not reasonably estimable at this time. Due to the uniqueness of individual project requirements, there is not enough information to determine the type of, and how much containment would be required. AOC has determined that the reported estimated liability (see chart below) is the base cost without containment as containment requirements differ from project to project.

AOC's accrued and potential liabilities for environmental cleanup costs, as of September 30, 2021, and 2020, are shown in the table below. The significant increase in the liability in the current year is attributed to several factors 1) approximately 9% in pandemic-induced cost increase as reflected in the RSMeans (cost estimating guidance) between FY 2020 and FY 2021 and 2) FY 2021 changes in AOC Division 1 Construction Specification requirements to include additional labor categories for construction Safety and Quality Control personnel. Additionally, AOC's normal cost estimating requirements include a rate escalation due to the timing of the RSMeans cost book. In the past, this escalation was typically 2 to 3 percent annually. However, continued pandemic-related inflation on construction materials, labor and supply chain costs as reported by industry reports (Engineering News Record) increased industry prices between 2020 and 2021. As a result, the escalation rate for the current fiscal year is 10%.

**Fort George G. Meade, Maryland**

In addition to the requirements of Technical Bulletin 2006-1, AOC is subject to various federal, state, and local environmental compliance and restoration laws. Applicable laws include the Clean Air Act, the Clean Water Act, the Solid Waste Disposal Act, the Safe Drinking Water Act, and the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA).

Management's review concluded that AOC is not responsible for the clean-up and remediation of previous environmental contamination on the approximately 100 acres of land at Fort George G. Meade, Maryland, which the U.S. Army transferred to AOC. The Army is responsible for the environmental clean-up of any previous contamination under CERCLA. The AOC understands that the Army is actively monitoring existing contamination on the entire site, including the land transferred to AOC, and is pursuing appropriate remediation of this contamination.

The AOC accrued an environmental liability of $179 million. The estimated liability range is $179 million on the lower end to $348 million on the upper end, which includes markups assuming work is fully contracted out (See Note 16).

The AOC's accrued and potential liabilities for environmental cleanup costs, as of September 30, 2021, and 2020, are shown in the following table.

**Dollars in Thousands**

| ENVIRONMENTAL AND DISPOSAL CLEANUP COST | 2021 | 2020 |
|---|---|---|
| Accrued Liabilities (Note 16) | $179,022 | $79,062 |

## NOTE 14: OTHER LIABILITIES

As of September 30, 2021, and 2020, the intragovernmental liabilities consist of miscellaneous receipts (Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity). Miscellaneous receipts include non-entity receipts that are to be forwarded to Treasury (see Note 2). Liabilities with the Public consist of contract holdbacks, accrued accounts payable (Other Liabilities With Related Budgetary Obligations), Accrued Funded Payroll, outstanding capital lease principal, and long term debt from the cogeneration financing (Other Liabilities Without Related Budgetary Obligations).

Other liabilities, as of September 30, 2021, and 2020, are as follows:

**Dollars in Thousands**

| OTHER LIABILITES | 2021 | 2020 |
|---|---|---|
| **Intragovernmental:** | | |
| Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity | $7 | $2 |
| Total Intragovernmental | **$7** | **$2** |
| **With the Public:** | | |
| Contract Holdbacks | $17,023 | $27,254 |
| Other Liabilities with Related Budgetary Obligations | 39,061 | 44,810 |
| Accrued Funded Payroll and Leave | 15,334 | 14,001 |
| Capital Lease Liability (Current, Not Covered by Budgetary Resources) | 791 | 746 |
| Capital Lease Liability (Non-Current, Not Covered by Budgetary Resources) | 2,670 | 3,461 |
| Other Liabilities without Related Budgetary Obligations (Current) | 1,627 | 1,399 |
| Other Liabilities without Related Budgetary Obligations (Non-Current) | 46,280 | 47,908 |
| Total With the Public | $122,786 | $139,579 |
| **Total** | **$122,793** | **$139,581** |

The change in the contract holdbacks is a reflection of the contract retainage release as work was satisfactorily completed on various construction projects, with the largest being the Cannon House Office Building Renewal Phase 2.

The change in Other Liabilities With Related Budgetary Obligations is primarily due to a reduction in the accrued accounts payable as work was completed and invoices that were previously due to contactors were paid on ongoing large construction projects, with the largest being the Cannon House Office Building Renewal Phase 2.

## NOTE 15: LEASES

As of September 30, 2021, AOC is committed to various non-cancelable leases primarily covering administrative office space and storage facilities, motor vehicles, and office equipment. Many of these leases contain escalation clauses tied to inflationary and tax increases, and renewal options.

### Capital Leases

The balance of Assets under Capital Lease, as of September 30, 2021, and 2020, is as follows:

**Dollars in Thousands**

| SUMMARY OF ASSETS UNDER CAPITAL LEASE | 2021 | 2020 |
|---|---|---|
| Land and Buildings | $40,143 | $40,143 |
| Accumulated Amortization | (37,647) | (37,036) |
| **Total Capital Leases** | **$2,496** | **$3,107** |

Capital leases have initial or remaining non-cancelable lease terms in excess of one year. The capital lease liability is amortized over the term of the lease. At the end of the current reporting period, AOC had one non-federal capital lease for the Senate Sergeant at Arms Warehouse building in Landover, MD. This lease is active through FY 2025.

As of September 30, 2021, and 2020, the present value of the future minimum lease payments is as follows:

**At September 30, 2021, Dollars in Thousands**

| FISCAL YEAR | TOTAL |
|---|---|
| 2022 | $938 |
| 2023 | 947 |
| 2024 | 956 |
| 2025 | 966 |
| 2026 | - |
| Thereafter | - |
| **Total Minimum Future Lease Payment** | **$3,807** |
| Less: Imputed Interest | (346) |
| **Net Capital Lease Liability** | **$3,461** |
| **Capital Lease Liabilities Covered by Budgetary Resources** | **$-** |
| **Capital Lease Liabilities not Covered by Budgetary Resource** | **$3,461** |

**At September 30, 2020, Dollars in Thousands**

| FISCAL YEAR | TOTAL |
|---|---|
| 2021 | $928 |
| 2022 | 938 |
| 2023 | 947 |
| 2024 | 956 |
| 2025 | 966 |
| Thereafter | - |
| **Total Minimum Future Lease Payment** | **$4,735** |
| Less: Imputed Interest | (528) |
| **Total Capital Lease Liability** | **$4,207** |
| **Capital Lease Liabilities Covered by Budgetary Resource** | **$-** |
| **Capital Lease Liabilities not Covered by Budgetary Resource** | **$4,207** |

### Operating Leases

The AOC has entered into various operating lease agreements for equipment, vehicles and commercial space. These lease agreements are held with various entities including the General Services Administration (GSA), Government Publishing Office (GPO) and other commercial vendors and expire on various dates between FY 2022 and FY 2026.

As of September 30, 2021, the aggregate of future payments due under non-cancelable federal and non-federal operating leases and occupancy agreements are as follows:

**Dollars in Thousands**

| FISCAL YEAR | REAL PROPERTY FEDERAL | REAL PROPERTY NON-FEDERAL | PERSONAL PROPERTY NON-FEDERAL | TOTAL |
|---|---|---|---|---|
| 2022 | $ 4,608 | $10,963 | $3 | $15,574 |
| 2023 | - | 9,794 | - | 9,794 |
| 2024 | - | 6,345 | - | 6,345 |
| 2025 | - | 3,633 | - | 3,633 |
| 2026 | - | 1,827 | - | 1,827 |
| Thereafter | - | - | - | - |
| **Total Future Leases** | **$4,608** | **$32,562** | **$3** | **$37,173** |

## NOTE 16: COMMITMENTS AND CONTINGENCIES

The AOC is party to various administrative proceedings, legal actions, and tort claims which may result in settlements or decisions adverse to the federal government. Additionally, AOC has contractual agreements with various energy service providers which may require future financial obligations.

The AOC's accrued and potential liabilities for contingent and environmental cleanup costs, as of September 30, 2021, and 2020, are shown in the following table. See Note 13 for an explanation of the increase in the Environmental Cleanup Cost Liabilities.

**At September 30, 2021, Dollars in Thousands**

| CONTINGENT LOSS | ACCRUED LIABILITIES | ESTIMATED RANGE OF LOSS LOWER END | UPPER END |
|---|---|---|---|
| **Legal Contingencies:** | | | |
| Reasonably Possible | $0 | $15 | $3,500 |
| **Environmental Cleanup Cost Liabilities:** | | | |
| Probable (Note 13) | $179,022 | $179,022 | $348,501 |
| | **$179,022** | **$179,037** | **$352,001** |

**At September 30, 2020, Dollars in Thousands**

| CONTINGENT LOSS | ACCRUED LIABILITIES | ESTIMATED RANGE OF LOSS LOWER END | UPPER END |
|---|---|---|---|
| **Legal Contingencies:** | | | |
| Reasonably Possible | $0 | $0 | $2,800 |
| **Environmental Cleanup Cost Liabilities:** | | | |
| Probable (Note 13) | $79,062 | $79,062 | $79,062 |
| | **$79,062** | **$79,062** | **$81,862** |

## Legal Liabilities

General contingent liabilities consist of claims filed against AOC which are awaiting adjudication. These liabilities typically relate to contracts, labor and equal employment opportunity issues, and personal and property damage.

For the purpose of estimating contingent liabilities for the financial statements, AOC conducted a review of existing claims for which the likelihood of loss to AOC is probable. Additionally, management and AOC's General Counsel evaluated the materiality of cases determined to have a reasonably possible chance of an adverse outcome. Liabilities are recognized herein for those cases that are determined to meet management's materiality threshold (see Note 1.N). No amounts are accrued in the financial records for claims where the estimated amount of potential loss is less than $100 thousand or where the likelihood of an unfavorable outcome is less than probable. During the current and prior year reporting period there were no reported cases that met this criteria.

Additionally, management and AOC's General Counsel evaluated the materiality of cases determined to have a reasonably possible (less than probable but more than remote) chance of an adverse outcome. The ultimate outcomes in these matters cannot be predicted at this time; however, the lower and upper level estimate of these cases are shown in the chart above. Sufficient information is not currently available to determine if the ultimate resolution of the proceedings, actions, and claims will materially affect AOC's financial position or results of operations. Based on the less than probable nature of these claims, an accounting entry for the estimate was not posted and there is no impact on the financial statements.

## Future Funded Energy Contracts

The use of energy contracts by federal agencies was permitted by the Energy Policy Act of 1992 and, after a renewal in 2005, was permanently reauthorized by the Energy Independence and Security Act of 2007. These contracts provide federal agencies with the ability to implement energy and water savings upgrades at little to no upfront cost to the government. The contracts take the form of fixed-price, performance-based arrangements. An energy service company finances the cost of implementing the energy savings infrastructure and, in return, receives a contractually determined share of the cost savings over time. As part of the agreement, the energy company guarantees that the improvements will generate sufficient energy savings to pay for the projects over the life of the arrangement. Once the contract period ends, the agency retains all subsequent cost savings.

With the approval of Congress, the AOC has partnered with private energy service companies for a UESC to help finance the design-build of its cogeneration system at the Capitol Power Plant and implement separate ESPCs in the Capitol Building, House Office Buildings, Senate Office Buildings and Library Buildings and Grounds jurisdictions. The ESPCs have helped the AOC implement energy savings measures by:

- converting from pneumatic to direct digital heating, ventilation and air conditioning (HVAC) control and upgrading building automation systems
- retrofitting existing light fixtures with high-efficiency lamps, ballasts, controls and reflectors; installing LED lighting and expanding the lighting control rooms
- upgrading transformers to high-efficiency models
- adding removable insulation covers to reduce heat loss from steam valves
- replacing failing and defective steam traps and valves to eliminate steam loss and waste

- installing new motion/occupancy sensors in areas with infrequent and low occupancy levels
- installing water conservation and fixture upgrades

As of September 30, 2021, the AOC has four active ESPCs and one active UESC arrangement. Of these contracts, only one is still being implemented — the ESPC for the Library Buildings and Grounds jurisdiction. All construction related to ESPCs in the Capitol Building, House Office Buildings and Senate Office Buildings jurisdictions, and the UESC in the Capitol Power Plant, is complete and these contracts have transitioned to their performance phase. The scheduled final payments for the contracts range from FY 2022 to FY 2039. The calculation of the period of performance is largely dependent on the amount of the predicted annual costs savings and the overall value of the projects.

The AOC is liable for the full funding of its cogeneration facility, as follows:

**Dollars in Thousands**

| PROJECT COST | TOTAL |
|---|---|
| **Construction Costs** | |
| Appropriations | $20,000 |
| Long Term Financing | 67,285 |
| **Total Construction Costs** | **$87,285** |
| Interest On Financing | 25,432 |
| **Total Costs Over the Life of the Asset** | **$112,717** |

The AOC will pay off the total amount of government contract payments (including interest) in 20 annual installments ranging from $3 million to $5 million each year (and subject to prepayment penalties). Total payments over the term, including interest and prepayments, will be approximately $93 million. The AOC expects that these payments will be completed by May 2037 from available annual appropriations to the Capitol Power Plant.

## NOTE 17: IMPUTED FINANCING

Consistent with SFFAS No. 4, AOC incorporates the full cost of goods and services received from other federal entities in its financial statements. Certain costs of the providing entity may not be fully reimbursed by AOC. The unreimbursed portion of these costs is recognized as imputed costs and are included in the operating amounts reported on the SNC. The imputed costs are offset by imputed financing sources and are reported on the face of the Statement of Changes in Net Position (SCNP). Such imputed costs and financing sources include campus-wide capital infrastructure projects performed by another federal agency and Treasury Judgment Fund or Office of Congressional Workplace Rights (OCWR) Settlement and Award Fund payments, as applicable. The AOC has activities with OPM that also require imputed costs and financing sources to be recognized. The OPM administers three earned benefit programs for civilian federal employees: the Federal Employees Health Benefits (FEHB) Program, the Federal Employee Group Life Insurance (FEGLI) Program, and the CSRS, CSRS Offset, and FERS Retirement Programs. AOC uses the applicable cost factors provided by OPM for current period expense reporting. The imputed costs and financing sources consist of the benefits for AOC employees that are paid on its behalf by OPM.

**CSRS:** According to PL 99-335, all employees hired prior to January 1, 1987, could elect CSRS or CSRS Offset. The CSRS provides a basic annuity and Medicare coverage. The CSRS fund covers most employees hired prior to January 1, 1984. The AOC and the employee contribute to Medicare at the rate prescribed by law. The AOC does not match TSP contributions for employees who participate in the CSRS retirement program.

**CSRS Offset:** CSRS Offset generally covers those employees who have had a break in their CSRS service of more than one and less than five years by the end of 1986. The AOC and the employee contribute to Social Security and Medicare at the rates prescribed by law. The AOC does not match TSP contributions for employees who participate in the CSRS Offset retirement program.

**FERS:** According to PL 99-335, employees with less than five years of creditable civilian service, as of the effective date in 1986, were automatically converted to FERS. In addition, during certain periods in 1987, 1988 and 1998, employees hired before January 1, 1984, could choose to participate in FERS. This system consists of Social Security, a basic annuity plan and the TSP.
The AOC and the employee contribute to Social Security and Medicare at rates prescribed by law. In addition, AOC is required to contribute to the TSP a minimum of 1 percent per year of the basic pay of employees covered by this system. The AOC also matches a voluntary employee contribution up to 3 percent dollar-for-dollar, and another 2 percent is matched 50 cents on the dollar.

Imputed Financing for the years ended September 30, 2021, and 2020, is as follows:

**Dollars in Thousands**

| IMPUTED FINANCING, BY TYPE | 2021 | 2020 |
|---|---|---|
| **Pensions** | | |
| CSRS | $422 | $571 |
| CSRS Offset | 480 | 489 |
| FERS | 52,106 | 46,199 |
| Less: Contributions | (47,303) | (45,042) |
| **Subtotal: Employee Pensions** | **$5,705** | **$2,217** |
| Health Insurance | $16,818 | $15,722 |
| Life Insurance | 40 | 40 |
| **Subtotal: All Employee Benefits** | **$22,563** | **$17,979** |
| Other Agency – Campus Infrastructure | $3,940 | $3,315 |
| Department of Justice – Treasury Judgement Fund | 19 | - |
| OCWR-Settlement and Awards Fund | 30 | 681 |
| Reversal of Imputed OCWR payments from prior year | (70) | - |
| **Total** | **$26,482** | **$21,975** |

In FY 2021, the change in imputed financing costs for employee benefits is due to a variety of factors. These include an increase in the FY 2021 OPM cost factors for pensions and FEHB and higher FERS contributions. Further, enrollment figures for both FEHB and FEGLI have historically fluctuated.

## NOTE 18: NET COST OF OPERATIONS RELATED TO PAYROLL

Expenses for salaries and related benefits for the years ended September 30, 2021, and 2020, are shown in the following table. These amounts were approximately 40 and 44 percent of the annual gross cost of operations for each respective year. This includes actual payroll and benefit expenses as well as other accrued expenses. Benefit expenses represent FECA (current year payment), Unemployment Compensation for Federal Employees (UCFE), and imputed costs paid by OPM. Other Accrued Expenses consist of payroll and benefit related accruals. Those costs do not include the unfunded accrued annual leave and long term actuarial FECA.

Net Cost of Operations Related to Payroll for the years ended September 30, 2021, and 2020, is as follows:

**Dollars in Thousands**

| EXPENSES FOR PAYROLL & RELATED BENEFITS | 2021 | 2020 |
|---|---|---|
| Payroll Expense | $308,505 | $291,655 |
| Benefit Expenses | | |
| FECA and UCFE | 4,263 | 4,202 |
| Imputed Costs (see Note 17) | 22,563 | 17,979 |
| Other Accrued Expenses | | |
| Current Year Accrued Expenses | 18,529 | 17,658 |
| Reversal of Prior Year Accrued Expenses | (18,127) | (15,078) |
| **Total Expenses for Payroll & Related Benefits** | **$335,733** | **$316,416** |
| **Total Gross Cost** | **$832,586** | **$714,005** |

The change in payroll related expense is primarily due to an increase in full time employees from FY20 to FY21 net of a reduction of in-person temporary operations staff for the CVC not retained during the COVID-19 pandemic. The increase is also due to additional payroll related expenses associated with the 117th Congressional Transition, Election Year Moves, and various Library of Congress projects.

## NOTE 19: RECONCILIATION OF SCNP APPROPRIATIONS TO SBR

Amounts reported as Appropriations Received on the SCNP consist of funds congressionally appropriated to the agency within the current fiscal year. Amounts reported as Appropriations on the SBR consist of appropriations received and other new budget authority.

The reconciliation for the years ended September 30, 2021, and 2020 is as follows:

**Dollars in Thousands**

| RECONCILIATION OF SCNP APPROPRIATIONS TO SBR | 2021 | 2020 |
|---|---|---|
| **SCNP** | | |
| Appropriations Received | $1,007,560 | $728,504 |
| **Total SCNP Appropriations** | **$1,007,560** | **$728,504** |
| **SBR** | | |
| Trust or Special Fund Receipts | $10 | $27 |
| **Total SBR Appropriations** | **$1,007,570** | **$728,531** |

The increase in appropriations received is primarily related to the $300 million emergency supplemental appropriations received to respond to the events at the

United States Capitol on January 6, 2021. The reduction in Trust or Special Fund Receipts is due to reduced collections from commercial photography permits issued for Union Square as a result of COVID-19 restrictions.

## NOTE 20: STATEMENT OF BUDGETARY RESOURCES – UNOBLIGATED BALANCE BROUGHT FORWARD, OCTOBER 1

There were no material adjustments during the current year to correct the unobligated balance brought forward, October 1. Components of the amount reported as "Unobligated Balance from Prior Year Budget Authority, net" are disclosed in the following table:

**Dollars in Thousands**

| NET ADJUSTMENTS TO UNOBLIGATED BALANCE BROUGHT FORWARD, OCTOBER 1 | 2021 | 2020 |
|---|---|---|
| Unobligated Balance Brought Forward, October 1 | $472,307 | $606,617 |
| **Net Adjustments** | | |
| Cancelled Authority | (2,932) | (3,424) |
| Downward Adj PY Unpaid Unexpended Obligations | 18,976 | 18,440 |
| Downward Adj PY Unpaid Expended Authority | 14,424 | 11,047 |
| Downward Adj PY Paid Expended Authority (Refunds Collected) | 5,114 | 9,934 |
| **Total Net Adjustments** | **$35,582** | **$35,997** |
| **Unobligated Balance From Prior Year Budget Authority, Net** | **$507,889** | **$642,614** |

## NOTE 21: UNDELIVERED ORDERS AT THE END OF THE PERIOD

In accordance with OMB Circular A-136, Financial Reporting Requirements, the amount of budgetary resources obligated but not delivered must be disclosed separately. Amounts obligated comprise contracts with vendors for acquisitions of goods and services including contractual support, constructions projects, and CVC inventory purchases.

Undelivered Orders for the years ended September 30, 2021, and 2020, are as follows:

**Dollars in Thousands**

| UNDELIVERED ORDERS | 2021 | 2020 |
|---|---|---|
| **Paid** | | |
| Federal | $2,902 | $214 |
| **Total Paid** | **$2,902** | **$214** |
| **Unpaid** | | |
| Federal | $19,400 | $18,162 |
| Non-Federal | 337,765 | 439,627 |
| **Total Unpaid** | **$357,165** | **$457,789** |

See Note 10, Advances and Prepayments, for the explanation of the increase in the Paid Undelivered Orders balance. The decrease in the Non-Federal Unpaid Undelivered Orders balance is due to the payment of prior year contract obligations related to various capital improvement projects such as the Cannon House Office Building renewal as work progressed or was completed.

## NOTE 22: EXPLANATION OF DIFFERENCES BETWEEN THE COMBINED STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE UNITED STATES GOVERNMENT

The FY 2022 Budget of the United States Government (President's Budget) presenting the actual amounts for the year ended September 30, 2020, was published in May 2021. The FY 2022 President's Budget is reconciled to AOC's September 2020 SBR to identify differences. The AOC's budget can be found on the OMB website (www.whitehouse.gov/omb/budget/) under Legislative branch.

The President's Budget reconciliation is as follows:

**Dollars in Thousands**

| RECONCILIATION OF SBR TO BUDGET FY 2020 | BUDGETARY RESOURCES | OBLIGATIONS INCURRED | NET OUTLAYS |
|---|---|---|---|
| **Combined Statement of Budgetary Resources (SBR)** | $1,436,796 | $964,489 | $797,098 |
| Items on SBR - Not on Budget: | | | |
| Expired Funds | (55,556) | - | - |
| Other | (23,240) | 2,511 | 902 |
| **Budget of the United States Government** | **$1,358,000** | **$967,000** | **$798,000** |

The "Other" difference between the FY 2020 comparative amounts presented on the SBR and the actual amounts published in the FY 2022 President's Budget are due to amounts that are presented on the SBR but not included

| | |
|---|---|
| in the President's Budget (e.g. Supreme Court and Senate Restaurant) as well as rounding differences and other adjustments. | |

## NOTE 23: RECONCILIATION OF NET COST TO NET OUTLAYS

Per SFFAS No. 7, FASAB "requires a reconciliation of proprietary and budgetary information in a way that helps users relate the two." The objective is to provide an explanation for the differences between budgetary and financial (proprietary) accounting and is accomplished by reconciling budgetary outlays with related net cost of operations. Statements of Federal Financial Accounting Concepts No. 2, Entity and Display, as amended by SFFAS No. 53, Budget and Accrual Reconciliation (BAR), provides concepts for reconciling budgetary and financial accounting. The AOC has adopted the requirement to present this reconciliation in the format prescribed by SFFAS No. 53.

Budgetary accounting information is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting information is intended to provide a picture of the government's financial operations and financial position on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. During FY2021, there was a change in Presentation for this footnote. The FY2020 comparative chart has been revised to conform with the new presentation.

The reconciliation for the years ended September 30, 2021 and 2020 is as follows:

**At September 30, 2021, Dollars in Thousands**

| RECONCILIATION OF NET OPERATING COST AND NET BUDGETARY OUTLAYS | INTRAGOVERNMENTAL | WITH THE PUBLIC | TOTAL |
|---|---|---|---|
| **Net Operating Cost** | **$ (23,745)** | **$ 779,433** | **$ 755,688** |
| **Components of Net Operating Cost Not Part of the Budgetary Outlays** | | | |
| Property, plant, and equipment depreciation expense | - | ($138,501) | ($138,501) |
| Property, plant, and equipment disposals & reevaluation | - | (6,105) | ($6,105) |
| Cost of goods sold | - | (81) | (81) |
| Gains/Losses on all other investments | - | 2 | 2 |
| **Increase/(decrease) in assets:** | | | |
| Accounts receivable, net | 34 | (78) | (44) |
| Securities and Investments | (46) | - | (46) |
| Other assets | - | 2,688 | 2,688 |
| **(Increase)/decrease in liabilities:** | | | |
| Accounts payable | (9) | 20,774 | 20,765 |
| Environmental and disposal liabilities | - | (99,960) | (99,960) |
| Federal employee and veteran benefits payable | - | 1,661 | 1,661 |
| Federal debt and interest payable | - | 19 | 19 |
| Other Liabilities | - | 16,471 | 16,471 |
| **Financing Sources:** | | | |
| Imputed Cost | (26,482) | - | (26,482) |
| **Total Components of Net Operating Cost Not Part of the Budget Outlays** | **$ (26,503)** | **$ (203,110)** | **$ (229,613)** |
| **Components of the Budget Outlays That Are Not Part of Net Operating Cost** | | | |
| Acquisition of capital assets | - | 242,902 | 242,902 |
| Acquisition of inventory | - | 246 | 246 |
| **Financing Sources:** | | | |
| Transfers out (in) without reimbursements | - | (2,847) | (2,847) |
| **Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost** | **$ -** | **$ 240,301** | **$ 240,301** |
| **Misc Items** | | | |
| Custodial/Non-exchange revenue | - | (2) | (2) |
| Appropriated Receipts for Trust/Special Funds | - | 10 | 10 |
| **Total Other Reconciling Items** | **$ -** | **$ 8** | **8** |
| **Net Outlays (Calculated Total)** | **$ (50,248)** | **$ 816,632** | **$ 766,384** |
| | | | |
| **Budgetary Agency Outlays, net (SBR 4210)** | | | |
| Budgetary Agency Outlays, net | | | $ 766,384 |

**At September 30, 2020, Dollars in Thousands**

| RECONCILIATION OF NET OPERATING COST AND NET BUDGETARY OUTLAYS | INTRAGOVERNMENTAL | WITH THE PUBLIC | TOTAL |
|---|---|---|---|
| **Net Operating Cost** | **$ 35,303** | **$ 591,949** | **$ 627,252** |
| **Components of Net Operating Cost Not Part of the Budgetary Outlays** | | | |
| Property, plant, and equipment depreciation expense | - | ($132,466) | ($132,466) |
| Property, plant, and equipment disposals & reevaluation | - | (75) | ($75) |
| Cost of goods sold | - | (717) | (717) |
| Gains/Losses on all other investments | - | (19) | (19) |
| **Increase/(decrease) in assets:** | | | |
| Accounts receivable, net | (1,252) | (495) | (1,747) |
| Securities and Investments | 47 | - | 47 |
| Other assets | - | (654) | (654) |
| **(Increase)/decrease in liabilities:** | | | |
| Accounts payable | (104) | (3,704) | (3,808) |
| Environmental and disposal liabilities | - | 182 | 182 |
| Federal employee and veteran benefits payable | - | (5,579) | (5,579) |
| Federal debt and interest payable | - | 285 | 285 |
| Other Liabilities | - | 3,051 | 3,051 |
| **Financing Sources:** | | | |
| Imputed Cost | (21,975) | - | (21,975) |
| **Total Components of Net Operating Cost Not Part of the Budget Outlays** | **$ (23,284)** | **$ (140,191)** | **$ (163,475)** |
| **Components of the Budget Outlays That Are Not Part of Net Operating Cost** | | | |
| Acquisition of capital assets | - | 332,216 | 332,216 |
| Acquisition of inventory | - | 1,297 | 1,297 |
| **Financing Sources:** | | | |
| Transfers out (in) without reimbursements | - | (123) | (123) |
| **Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost** | **$ -** | **$ 333,390** | **$ 333,390** |
| **Misc Items** | | | |
| Custodial/Non-exchange revenue | - | (96) | (96) |
| Appropriated Receipts for Trust/Special Funds | - | 27 | 27 |
| **Total Other Reconciling Items** | **$ -** | **$ (69)** | **(69)** |
| **Net Outlays (Calculated Total)** | **$ 12,019** | **$ 785,079** | **$ 797,098** |
| | | | |
| **Budgetary Agency Outlays, net (SBR 4210)** | | | |
| Budgetary Agency Outlays, net | | | $ 797,098 |

Components of Net Operating Cost Not a Part of the Budgetary Outlays reflects the budgetary resources used to finance AOC's activities, but not paid. The Net Operating Cost is reported net of any earned revenue and other financing sources (e.g., donated property or imputed costs). Components of the Budgetary Outlays Not Part of the Net Operating Cost includes resources used to finance the activities of the entity to account for items that were included in budgetary outlays but were not part of the SNC. This item includes budgetary outlays recognized in the current period that do not affect the net cost of operations (e.g., an acquisition of assets reflected in net obligations but not in SNC). The Reconciliation of Net Cost to Net Outlays explains the relationship between the entity's net outlays on a budgetary basis and the net cost of operations during the reporting period.

## NOTE 24: COVID-19 ACTIVITY

During FY 2020, AOC received supplemental appropriations totaling $25 million as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Supplemental CARES Act funding provided additional cleaning supplies and services, COVID-related overtime, temporary employee hires and authorized payments to AOC service contractors made in accordance with Section 19005(a) of the CARES Act. Additionally, and in accordance with AOC's general transfer authority under 2 U.S.C. § 1862 and 31 U.S.C. § 1532, AOC received approval from the Senate Appropriations Committee to transfer up to $2 million from other appropriations to the CCO account (see Note 1.G). This transfer was requested to allow AOC to continue funding contractor reimbursements pursuant to Section 3610 of the CARES Act. Approximately $2.7 million of unobligated CARES Act funding was brought forward into FY 2021.

In addition in FY 2021, P.L. 117-31 provided approximately $22 million to AOC in order to cover necessary expenses to "prevent, prepare for, and respond to coronavirus".

The following tables depict available funding and spending by program activity. COVID-related spending within the jurisdictions' current appropriations as part of their operational expenses are separately presented herein.

**At September 30, 2021, Dollars in Thousands**

| BUDGET AUTHORITY | APPROPRIATED | TRANSFERS | TOTAL AUTHORITY |
|---|---|---|---|
| CARES Act | $25,000 | $2,000 | $27,000 |
| Emergency Supplemental Appropriation | 21,869 | - | 21,869 |
| **Total Budget Authority** | **$46,869** | **$2,000** | **$48,869** |

| CARES ACT SPENDING | OBLIGATIONS | EXPENDITURES | TOTAL SPENDING |
|---|---|---|---|
| Supplies and Services | $1,407 | $16,203 | $17,611 |
| Payroll | - | 3,759 | 3,759 |
| Contract Payments | 182 | 4,789 | 4,971 |
| Projects | - | 658 | 658 |
| **Total CARES Act Spending** | **$1,589** | **$25,409** | **$26,999** |
| | | **CARES Act Funds Available** | **$1** |

| EMERGENCY SUPPLEMENTAL SPENDING | OBLIGATIONS | EXPENDITURES | TOTAL SPENDING |
|---|---|---|---|
| Service Contracts | $200 | - | $200 |
| Other Contracts | 2,237 | - | 2,237 |
| **Total Supplemental Spending** | **$2,437** | **$0** | **$2,437** |
| | | **Emergency Supplemental Funds Available** | **$19,432** |

| JURISDICTION SPENDING FROM CURRENT APPROPRIATIONS | |
|---|---|
| **Additional Jurisdiction Spending for COVID-19 Related Costs** | **$16,422** |
| **Total COVID-19 Spending** | **$45,858** |

**At September 30, 2020, Dollars in Thousands**

| BUDGET AUTHORITY | APPROPRIATED | TRANSFERS | TOTAL AUTHORITY |
|---|---|---|---|
| CARES Act | $25,000 | $1,000 | $26,000 |
| Emergency Supplemental Appropriation | - | - | - |
| **Total Budget Authority** | **$25,000** | **$1,000** | **$26,000** |

| CARES ACT SPENDING | OBLIGATIONS | EXPENDITURES | TOTAL SPENDING |
|---|---|---|---|
| Supplies and Services | $3,187 | $12,998 | $16,185 |
| Payroll | - | 3,759 | $3,759 |
| Contract Payments | 564 | 2,804 | $3,368 |
| Projects | - | - | - |
| **Total CARES Act Spending** | **$3,751** | **$19,561** | **$23,312** |
| | | **CARES Act Funds Available** | **$2,688** |

| EMERGENCY SUPPLEMENTAL SPENDING | OBLIGATIONS | EXPENDITURES | TOTAL SPENDING |
|---|---|---|---|
| Service Contracts | - | - | - |
| Other Contracts | - | - | - |
| **Total Supplemental Spending** | - | - | - |
| | | **Emergency Supplemental Funds Available** | - |

| JURISDICTION SPENDING FROM CURRENT APPROPRIATIONS | |
|---|---|
| **Additional Jurisdiction Spending for COVID-19 Related Costs** | **$5,884** |
| **Total COVID-19 Spending** | **$29,196** |

The CVC remains closed for public tours due to public health concerns associated with COVID-19 and their sales revenue decreased due to the closure of the Gift Shops. Additionally, there are currently no restaurant commissions due. Although the CVC Gift Shops are closed, e-commerce sales are ongoing effective the first quarter of FY 2021. CVC's earned revenues are expected to increase as on-line sales increase. The COVID-19-related Gift Shops closures also caused some fluctuations in Investments and in Inventory & Related Property, as reported in Notes 5, and 7, respectively.

Additional footnotes discussing COVID-related impacts are Note 3 – Fund Balance with Treasury; Note 4 - Cash and Other Monetary Assets; and Note 19 -Reconciliation of SCNP Appropriations to SBR.

# Acronyms and Abbreviations

| | |
|---|---|
| ACM | Asbestos-Containing Materials |
| AICPA | American Institute of Certified Public Accountants |
| AOC | Architect of the Capitol |
| BAR | Budget and Accrual Reconciliation |
| CARES Act | Coronavirus Aid, Relief, and Economic Security Act |
| CERCLA | Comprehensive Environmental Response, Compensation, and Liability Act |
| CCO | Capital Construction and Operations |
| COVID-19 | Coronavirus Disease of 2019 |
| CSRS | Civil Service Retirement System |
| CVC | U.S. Capitol Visitor Center |
| DOL | U.S. Department of Labor |
| ESPC | Energy Savings Performance Contracts |
| FASAB | Federal Accounting Standards Advisory Board |
| FBWT | Fund Balance with Treasury |
| FECA | Federal Employees' Compensation Act |
| FEGLI | Federal Employee Group Life Insurance |
| FEHB | Federal Employees Health Benefits |
| FERS | Federal Employees Retirement System |
| FY | Fiscal Year |
| GAAP | United States Generally Accepted Accounting Principles |
| GAO | Government Accountability Office |
| GPO | Government Publishing Office |
| GREEN BOOK | Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States |
| GSA | General Services Administration |
| HVAC | Heating, Ventilation, and Air Conditioning |
| LED | Light-Emitting Diode |
| OCWR | Office of Congressional Workplace Rights |
| OI | Other Information |
| OIG | Office of Inspector General |
| OMB | Office of Management and Budget |
| OPM | Office of Personnel Management |
| PP&E | General Property, Plant & Equipment |

| | |
|---|---|
| RSI | Required Supplementary Information |
| SBR | Statements of Budgetary Resources |
| SFFAS | Statements of Federal Financial Accounting Standards |
| SNC | Statement of Net Cost |
| SCNP | Statement of Changes in Net Position |
| SBR | Statement of Budgetary Resources |
| Treasury | U.S. Department of Treasury |
| TSP | Thrift Savings Plan |
| UCFE | Unemployment Compensation for Federal Employees |
| UESC | Utility Energy Service Contract |
| U.S. | United States |
| USBG | U.S. Botanic Garden |
| USCP | United States Capitol Police |


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