OFFICE OF INSPECTOR GENERAL

NOVEMBER 16, 2022

Audit of Fiscal Year 2022 Financial Statements

Audit Report OIG-AUD-2023-01

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
Fairchild Bldg.
499 S. Capitol St., SW, Suite 518
Washington, D.C. 20515
202.593.1948
www.aoc.gov

United States Government

MEMORANDUM

DATE: November 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 2022 Financial Statements (Audit Report OIG-AUD-2023-01)

We contracted with the independent public accounting firm KPMG LLP (KPMG) to audit the financial statements of the AOC as of and for the fiscal year that ended September 30, 2022, 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. 22-01, *Audit Requirements for Federal Financial Statements*; the U.S. Government Accountability Office's (GAO) Federal Information System Controls Audit Manual (FISCAM); 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 reportable noncompliance issues with provisions of laws tested or other matters; and
- no information technology deficiencies that rose to the level of a significant deficiency or material weakness based on audit work performed in accordance with FISCAM.

KPMG is responsible for the attached auditor's report dated November 16, 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 202.593.0108 or Sharmaine.Carter@aoc.gov.

Distribution List:

Peter Bahm, Chief of Staff
Mary Jean Pajak, Deputy Chief of Staff
Jonathan Kraft, Chief Financial Officer
William O'Donnell, Chief Administrative Officer
Mark Reed, (Acting) Chief of Operations
Jason Baltimore, General Counsel
Chere Rexroat, Chief Engineer
Valerie Hasberry, Chief Security Officer
Brian Dosch, (Acting) Chief Information Officer
James Kaufmann, Director, Capitol Grounds & Arboretum
Michael Lewis, Superintendent, Library Buildings and Grounds
Stephanie Jones, Supervisory Engineer, Senate Office Buildings
Jason McIntyre, Supervisory Engineer, U. S. Capitol Building
David Wilder, Superintendent, House Office Buildings
Patricia Williams, Director, Office of Safety and Code Compliance
Joseph Campbell, Facilities Manager, Supreme Court Buildings and Grounds
Susan Pell, Executive Director, U.S. Botanic Garden
Beth Plemmons, Chief Executive Officer for Visitor Services
Christopher Potter, Director, Utilities and Power Plant Operations

Table of Contents

Section 1

Independent Auditor's Reports

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

Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Architect of the Capitol (AOC), which comprise the balance sheets as of September 30, 2022 and 2021, and the related statements of net cost and changes in net position and combined statements of budgetary resources for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AOC as of September 30, 2022 and 2021, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No.22-01, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 22-01 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AOC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter - 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 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and for 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 22-01 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 22-01, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 AOC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 is the responsibility of management and, 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 GAAS, 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 audits 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

Management is responsible for the other information included in the *Performance and Accountability Report*. The other information comprises the Table of Contents, About the Cover, Fiscal Year 2022 Performance and Accountability Highlights, Message from the Architect of the Capitol, Performance and Accountability Report, Year in Photos, Section 2: Performance Information, Section 3: Financial Information Overview, 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 4: Other Information, Appendices, and the Websites and Media Platforms but does not include the financial statements and our auditors' report thereon. Our opinion on the statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2022, we considered 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 AOC's internal control. Accordingly, we do not express an opinion on the effectiveness of AOC's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

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 were not identified. However, as described in the Schedule of Findings, we identified a deficiency 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 deficiency described in the accompanying Schedule of Findings within Exhibit I to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether AOC's financial statements as of and for the year ended September 30, 2022 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. 22-01.

Management's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the AOC's response to the findings identified in our audit and described in the accompanying Schedule of Findings. The AOC's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

KPMG

Purpose of the Reporting Required by Government Auditing Standards

The purpose of the communication described in the Report on Internal Control Over Financial Reporting and the Report on Compliance and Other Matters sections 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 AOC's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
November 16, 2022

Independent Auditors' Report
Exhibit I – Material Weakness

The weakness in internal control described in this Exhibit is a repeat finding from the prior year and existed during the year ended September 30, 2022. 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, 2022. 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 Environmental Liabilities

Background:

AOC's estimated environmental liability consisted of the projected cost for the abatement of asbestos as of September 30, 2022. The inputs to the estimate included the cost from the external RS Means workbook (a database of current construction cost estimates) multiplied by the assessed quantity of asbestos from each AOC jurisdiction.

Conditions:

AOC management did not have controls in place to validate that its use of the RS Means cost rate factor (i.e., Base Rates) was an appropriate rate.

Causes:

This deficiency is a result of insufficient entity level controls as follows:

- Green Book principle 7 requires that "Management should identify, analyze, and respond to risks related to achieving the defined objectives."
- Green Book principle 10 requires that "Management designs control activities in response to the entity's objectives and risks to achieve an effective internal control system. Control activities are the policies, procedures, techniques, and mechanisms that enforce management's directives to achieve the entity's objectives and address related risks."
- Green Book principle 14 requires that "Management should internally communicate the necessary quality information to achieve the entity's objectives."
- Green Book principle 17 requires that "Management should remediate identified internal control deficiencies on a timely basis."

Effects:

AOC's inability to support the use of the RS Means cost rate used raises the risk that the applied rate understates the environmental liability recorded because of unaccounted for cost factors including: wage escalation, security and access considerations, safety program and reporting requirements, security clearance requirements, and other Federal Acquisition Regulations (FAR) reporting and compliance factors unique to AOC, especially when AOC elects to utilize an outside contractor for abatement work. As AOC management could not demonstrate how the use of the RS Means base rate accounts for these costs and no other contingency was identified by AOC management, a judgmental audit misstatement of $43 million, was identified.

Recommendations:

We recommend that AOC:

1. Develop and implement a control to validate the use of RS Means and specifically consider if a more representative contingency rate may apply to its environmental liability,

2. Establish policies and procedures to complete a review of the rate used annually to validate the cost factors used and make appropriate adjustments when needed, and

3. Complete its multi-year corrective action plan to validate its estimated environmental liability.

Management's Response

We did not concur with this finding in the FY 2021 audit and continue to non-concur. The AOC employs the same provider of cost data utilized by industry professionals across North America to estimate and budget projects, validate internal cost data, and validate vendor quotes. The AOC uses the most comprehensive source to determine cost estimates on the market today. Consistent with other federal agencies, the AOC uses this tool for cost estimations. It is unreasonable to expect that a small government agency can validate an industry-wide standard.

Auditors' Response

We evaluated management's nonconcurrence and determined the finding remains 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

www.aoc.gov

November 16, 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, 2022. We are pleased the audit resulted in an unmodified opinion - marking the 18th 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 two additional control deficiencies. We did not concur with the material weakness finding in the FY 2021 audit and continue to non-concur. The AOC employs the same provider of cost data utilized by industry professionals across North America to estimate and budget projects, validate internal cost data, and validate vendor quotes. The AOC uses the most comprehensive source to determine cost estimates on the market today. Consistent with other federal agencies, the AOC uses this tool for cost estimations.

It is not possible for a small government agency to validate an industry-wide standard. We will develop a corrective action plan for all appropriate identified issues 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 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. 221116-04-01

Section 3

AOC Fiscal Year 2022 Financial Statements

Architect of the Capitol
Balance Sheet
As of September 30, 2022, and 2021

Dollars in Thousands	2022	2021
Assets: (Note 2)		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	$ 1,284,061	$ 1,249,032
Investments (Note 5)	10,262	11,727
Accounts Receivable, Net (Note 6)	646	643
Advances and Prepayments (Note 10)	4,799	2,902
Total Intragovernmental	1,299,768	1,264,304
Other than Intragovernmental:		
Cash and Other Monetary Assets (Note 4)	37	14
Accounts Receivable, Net (Note 6)	275	279
Inventory and Related Property, Net (Note 7)	767	1,351
General Property, Plant and Equipment, Net (Note 8)	2,649,759	2,548,752
Advances and Prepayments (Note 10)	2	-
Investments (Note 5)	10,798	10,755
Total Other than Intragovernmental:	2,661,638	2,561,151
Total Assets	$ **3,961,406**	$ **3,825,455**
Stewardship PP&E (Note 9)		
Liabilities: (Note 11)		
Intragovernmental:		
Accounts Payable	3,033	113
Advances From Others and Deferred Revenue (Note 10)	25,707	26,521
Other Liabilities (Note 14)	7,517	7,797
Total Intragovernmental	36,257	34,431
Other than Intragovernmental:		
Accounts Payable	76,065	1,711
Federal Debt and Interest Payable (Note 12)	31,864	45,610
Federal Employee and Veteran Benefits Payable	65,370	68,618
Environmental and Disposal Liabilities (Note 13)	183,422	179,022
Other Liabilities (Note 14)	86,818	122,786
Total Other than Intragovernmental:	443,539	417,747
Total Liabilities	$ **479,796**	$ **452,178**
Commitments and Contingencies (Note 16)		
Net position:		
Total Unexpended Appropriation (Consolidated)	$ 1,038,109	$ 1,063,173
Total Cumulative Results of Operations (Consolidated)	2,443,501	2,310,104
Total Net Position	$ **3,481,610**	$ **3,373,277**
Total Liabilities and Net Position	$ **3,961,406**	$ **3,825,455**

Architect of the Capitol
Statement of Net Cost
For the Years Ended September 30, 2022, and 2021

Dollars in Thousands		2022		2021
Program costs:				
Capital Construction and Operations:				
Gross costs	$	148,484	$	132,664
Less: earned revenue		(718)		(703)
Net program costs:		147,766		131,961
Capitol Building:				
Gross costs		64,899		74,885
Less: earned revenue		(396)		(463)
Net program costs:		64,503		74,422
Capitol Grounds and Arboretum:				
Gross costs		17,503		16,335
Less: earned revenue		(17)		(24)
Net program costs:		17,486		16,311
Capitol Police Buildings, Grounds, and Security:				
Gross costs		48,593		52,401
Less: earned revenue		(1,781)		-
Net program costs:		46,812		52,401
Capitol Power Plant:				
Gross costs		141,265		112,263
Less: earned revenue		(9,567)		(9,036)
Net program costs:		131,698		103,227
House Office Buildings:				
Gross costs		129,303		163,398
Less: earned revenue		(7,415)		(9,668)
Net program costs:		121,888		153,730
Library Buildings and Grounds:				
Gross costs		55,427		78,246
Less: earned revenue		(5,274)		(6,164)
Net program costs:		50,153		72,082
Senate Office Buildings:				
Gross costs		98,114		115,644
Less: earned revenue		(3,789)		(71)
Net program costs:		94,325		115,573
Supreme Court Buildings and Grounds:				
Gross costs		50,170		38,156
Less: earned revenue		(52,988)		(50,598)
Net program costs (revenues):		(2,818)		(12,442)
U.S. Botanic Garden:				
Gross costs		17,431		15,584
Less: earned revenue		-		-
Net program costs:		17,431		15,584
U.S. Capitol Visitor Center:				
Gross costs		17,600		33,010
Less: earned revenue		(1,732)		(171)
Net program costs:		15,868		32,839
Net cost of operations (Note 23)	**$**	**705,112**	**$**	**755,688**

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, 2022, and 2021

Dollars in Thousands	2022	2021
Unexpended Appropriations:		
Beginning Balance	$ 1,063,173	$ 801,991
Appropriations received (Note 19)	788,330	1,007,560
Other Adjustments	(3,025)	(2,933)
Appropriations used	(810,369)	(743,445)
Net Change in Unexpended Appropriations	**(25,064)**	**261,182**
Total Unexpended Appropriations: Ending	$ **1,038,109**	$ **1,063,173**
Cumulative Results of Operations:		
Beginning Balances	**$ 2,310,104**	**$ 2,293,016**
Appropriations used	810,369	743,445
Non-exchange revenue	50	2
Transfers-In/(Out) Without Reimbursement	1,135	2,847
Imputed financing (Note 17)	26,955	26,482
Net Cost of Operations	(705,112)	(755,688)
Net Change in Cumulative Results of Operations	133,397	17,088
Cumulative Results Of Operations: Ending	**$ 2,443,501**	**$ 2,310,104**
Net Position	**$ 3,481,610**	**$ 3,373,277**

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, 2022, and 2021

Dollars in Thousands	**2022**	**2021**
Budgetary Resources		
Unobligated balance from prior year budget authority, net (discretionary and mandatory) (Note 20)	$ 849,209	$ 507,889
Appropriations (discretionary and mandatory) (Note 19)	788,347	1,007,570
Borrowing authority (discretionary and mandatory)	3,507	4,630
Spending authority from offsetting collections (discretionary and mandatory)	68,492	41,790
Total budgetary resources	$ **1,709,555**	$ **1,561,879**
Status of Budgetary Resources		
New obligations and upward adjustments (total)	$ 1,242,031	$ 747,799
Unobligated balance, end of year:		
Exempt from apportionment, unexpired accounts	435,852	786,717
Unexpired unobligated balance, end of year	435,852	786,717
Expired unobligated balance, end of year (Note 3)	31,672	27,363
Unobligated balance, end of year (total):	467,524	814,080
Total budgetary resources	$ **1,709,555**	$ **1,561,879**
Outlays, net:		
Outlays, net (total) (discretionary and mandatory)	738,065	766,384
Agency outlays, net (discretionary and mandatory) (Note 23)	$ **738,065**	$ **766,384**

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

INDEX

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 (Thurgood 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 the AOC may be eliminated from governmentwide 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, the AOC is not required to follow the accounting standards promulgated by the Federal Accounting Standards Advisory Board (FASAB). Also, the 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, the AOC refers to these regulations as a general guide for best practices and incorporates them into its financial management practices, as appropriate. Also, the AOC has adopted U.S. Generally Accepted Accounting Principles (GAAP) for financial reporting in a manner consistent with other federal agencies. Therefore, the 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.

The Unfunded FECA Liability was reclassified from Accounts Payable to Other Liabilities per updated guidance from the U.S. Department of Treasury (Treasury). Therefore, the presentation of FY 2021 comparative balance sheet has been updated as well. Additionally, in FY 2022, the AOC reclassified the vendors accounts payable accrual from Other Liabilities to the Accounts Payable line. This reclassification between lines does not change the overall liability total.

C. Fund Balance with Treasury

The AOC maintains most available fund balances with 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 the AOC's records are reconciled with those accounts on a regular basis. In addition to the FBWT, the 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 the 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 the 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 entities, 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 nonfederal 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 the 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, FedInvest. By law, interest income is credited to the fund.

Other than Intragovernmental (Investments Held Outside Treasury)
The AOC has funds invested by a trustee outside of Treasury as a result of financing the construction of the Thurgood 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, the AOC entered into a Development Management Agreement with Boston Properties for the design, development, and construction of the Thurgood 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 the 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 the AOC to other federal trading partners for services to be provided under interagency agreements and employee travel advances (non-federal), if applicable (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 of Congress on the Library 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 the 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 the 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 the 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, the AOC transferred control of the Senate restaurants to a private vendor, while retaining 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 the 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 Thurgood 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 Thurgood 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 the 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 the AOC.

The Flag Office Revolving Fund was established pursuant to P.L. 115-31 for services provided by the 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 nonfederal 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 Act* (CARES Act), under the Capital Construction and Operations (CCO) account as well as other emergency supplemental appropriations.

The appropriations that the 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

As a component of the governmentwide reporting entity, the 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 governmentwide financial reports. These budgetary resources reflect past congressional actions that enable the AOC 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. The 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 the 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, the 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 the 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 the AOC's possession and there is nothing held by others (see Note 8).

The following table presents the 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 noncollection, 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 (including accruals) owed by the 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 the 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 Thurgood Marshall Building construction. The liability is reduced by semiannual 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 the 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).

Contingencies, 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 Notes 13 and 16).

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, the AOC recognizes a liability and related expense for friable and nonfriable 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 funded by future years' budgetary resources and is classified as unfunded; which is reflected in the Federal Employees and Veterans Benefits payable line of the Balance Sheet. Other types of leave are expensed when taken and no future liability is recognized for these amounts.

Federal Employees' Compensation Act (FECA) 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 (Unfunded FECA Liability, see Note 11). 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 the 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. Statement of Budgetary Resources Terms

The purpose of Federal budgetary accounting is to control, monitor, and report on funds made available to Federal agencies by law and help ensure compliance with the law.

The following budgetary terms are commonly used:

Appropriation: An appropriation is a provision of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.

Budgetary resources: Budgetary resources are amounts available to incur obligations in a given year. Budgetary resources consist of new budget authority and unobligated balances of budget authority provided in previous years.

Gross Outlays: Gross Outlays are the sum of all payments made to liquidate obligations (other than the repayment of debt principals or other disbursements that are "means of financing" transactions). Outlays are the measure of Government spending.

Net Outlay: The net outlay is determined by subtracting all offsetting collections (unexpired and expired) from gross outlays so that the contribution of the budget account to the Federal Government's bottom line (the surplus or deficit) can be determined.

Obligation: An obligation is a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.

Offsetting collections: Offsetting collections are payments made to the Government that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account, rather than added to receipts. Usually, offsetting collections are authorized to be spent for the purposes of the account without further action by Congress. The authority to spend offsetting collections is a form of budget authority.

R. 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.

S. Classified Activities

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

NOTE 2: NON-ENTITY ASSETS

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

- The 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)
- Restitution payments resulting from the January 6, 2021 Capitol insurrection

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, 2022, and 2021, are as follows:

Dollars in Thousands

NON-ENTITY ASSETS	2022	2021
Other than Intragovernmental		
Accounts Receivable, Net (Note 6)	$31	$7
Total Non-Entity Assets	**$31**	**$7**
Total Entity Assets	**$3,961,375**	**$3,825,448**
Total Assets	**$3,961,406**	**$3,825,455**

Non-Entity Accounts Receivable increased due to the accumulation of Employee Payroll Receivables, which will be reduced when 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 Unexpired unobligated balance 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	2022	2021
Unobligated Balance		
Available	$440,281	$791,307
Unavailable	31,672	27,363
Obligated Balance not yet Disbursed	812,108	430,362
Total	**$1,284,061**	**$1,249,032**

The decrease in Unobligated Balance Available and increase in Obligated Balance not yet Disbursed is primarily attributed to the usage of emergency supplemental appropriations received in the 4th Quarter of FY 2021 for funding the AOC's response to the events at the United States Capitol on January 6, 2021. These appropriations were available for obligation in FY 2021 and obligated in FY 2022.

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 Gift Shops gradually re-opened during FY 2022 after being closed since March 12, 2020. As of June 7, 2022, both CVC Gift Shops were fully operational and open to the public. Therefore, although there were no undeposited collections in Q4 FY 2021 due to the closure of the CVC Gift Shops, there were undeposited collections in Q4 FY 2022.

The cash balances as of September 30, 2022, and 2021, are as follows:

Dollars in Thousands

CASH & OTHER MONETARY ASSETS	2022	2021
Undeposited Collections	$23	$-
Cash Imprest Funds	14	14
Total	**$37**	**$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. 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.

The FY 2022 Intragovernmental Investments, Net decreased due to expenditure of proceeds from CVC Revolving Fund to fund the Exhibition Hall Renovation project (EHRP). While the CVC Gift Shops have gradually re-opened during FY2022, sales have not yet reached pre-pandemic levels. The CVC restaurant also re-opened to the public on May 30, 2022.

Other than Intragovernmental Investments comprise the investment of the Thurgood Marshall Building Operating Reserve Fund with the Bank of New York

Mellon. Level 1 reflects the unadjusted quoted prices in active markets for identical assets that the AOC can access at the measurement date.

At September 30, 2022, 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, 2.72% Annual Yield Maturing 10/3/2022	$2,730	$-	$-	$2,730	$-	$2,730
Six-Month Certificate, 2.87% Annual Yield Maturing 1/12/2023	5,071	(41)	-	5,030	(5)	5,025
12-Month Certificate, 4.03% Annual Yield Maturing 9/7/2023	2,598	(96)	-	2,502	2	2,504
Total Intragovernmental	**$10,399**	**$(137)**	**$-**	**$10,262**	**$(3)**	**$10,259**

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**

As of September 30, 2022, Dollars in Thousands

FAIR VALUE MEASUREMENT, OTHER THAN INTRAGOVERNMENTAL INVESTMENTS	LEVEL 1	TOTAL
The Bank of New York Mellon Operating Reserve Fund (Dreyfus)	$10,798	$10,798
Total	**$10,798**	**$10,798**

As of September 30, 2021, Dollars in Thousands

FAIR VALUE MEASUREMENT, OTHER THAN INTRAGOVERNMENTAL INVESTMENTS	LEVEL 1	TOTAL
The Bank of New York Mellon Operating Reserve Fund (Dreyfus)	$10,755	$10,755
Total	**$10,755**	**$10,755**

NOTE 6: ACCOUNTS RECEIVABLE, NET

The AOC's Accounts Receivable as of September 30, 2022, and 2021, are as follows:

Dollars in Thousands

ACCOUNTS RECEIVABLE	2022	2021
Intragovernmental		
Entity	$646	$643
Total Intragovernmental	**$646**	**$643**
Other than Intragovernmental		
Entity	$244	$272
Non-Entity	31	7
Total Other than Intragovernmental	**$275**	**$279**
Total	**$921**	**$922**

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.

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, 2022, and 2021, is as follows:

Dollars in Thousands

INVENTORY CATEGORY	2022	2021
Purchased Goods Held for Current Sale	$767	$1,351
Total	**$767**	**$1,351**

Both CVC Gift Shops re-opened to the public during FY 2022. Inventory purchases needed to support the online gift shop continue; however, the decrease in inventory is attributed to a higher inventory turnover rate due to increased sales from the re-opening of the physical Gift Shops.

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. There is no damaged or restricted inventory to report as of September 30, 2022 and 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 the AOC's capitalization thresholds and related useful lives). Internal Use Software (IUS) is fully depreciated.

The following charts represent the AOC's real property and equipment values, by asset category, as of September 30, 2022, and 2021:

At September 30, 2022, Dollars in Thousands

CLASS OF PROPERTY AND EQUIPMENT	ACQUISITION VALUE	ACCUMULATED DEPRECIATION	NET BOOK VALUE	%
Buildings	$1,440,184	$890,443	$549,741	20.8%
Buildings Improvements	2,908,362	1,384,674	1,523,688	57.6%
Capital Leases (Real Property)	40,143	38,257	1,886	0.1%
Leasehold Improvements	19,959	18,584	1,375	0.1%
Equipment and Internal Use Software	36,244	19,743	16,501	0.6%
Land	169,231	-	169,231	6.3%
Land Improvements	157,613	125,966	31,647	1.2%
Other Structures	9,288	5,777	3,511	0.1%
Construction Work-in-Progress (CWIP)	352,179	-	352,179	13.2%
Total	$5,133,203	$2,483,444	$2,649,759	100%

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 (CWIP)	340,049	-	340,049	13.3%
Total	$4,883,102	$2,334,350	$2,548,752	100%

The increase in Building Improvements is primarily due to the recognition of additional fixed assets as work and/or phases are completed on various capital improvement projects, with the largest being the Senate Underground Garage Renovation & Landscape Restoration.

Additionally, the change in CWIP is due to new activity net of re-classifications to other asset accounts for work completed.

The FY 2022 and FY 2021 amounts shown in the chart below represent PP&E activity for each respective fiscal year.

Dollars in Thousands

CURRENT YEAR ACTIVITY NET PP&E	2022	2021
Balance at beginning of year	2,548,752	2,450,456
Capitalized Acquisitions	250,540	242,879
Disposals	(439)	(14,405)
*Depreciation expense	(149,094)	(130,178)
Balance at end of year	**$2,649,759**	**$2,548,752**

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

The educational, artistic, architectural, and historical significance of many of the 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 before any changes are made.

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 collection of reference and library materials are 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 including estimated land acreage 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 facilities are predominantly used in general government operations, and many 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 and cultural landscapes on the Capitol campus encompass lands of national and historical significance. In accordance with the AOC's authorizing legislation, the land is held predominantly for conservation and preservation purposes. The AOC's stewardship land includes the U.S. Capitol Grounds surrounding the U.S. Capitol Building. The U.S. Capitol Grounds are an accredited arboretum and listed in the Morton Register of Arboreta, a comprehensive list of arboreta and public gardens for the benefit of the public, science and conservation. The AOC-administered land also includes cultural landscapes such as the Senate Park, Senate office building sites and courtyards, House office building sites and courtyards, U.S. Botanic Garden, National Garden, Bartholdi Park, USBG Administration Building site, Union Square, Jefferson Building site, Adams Building site, Madison Building site, Supreme Court of the United States site and 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, 2022, and 2021 follows:

DESCRIPTION	2021	ADDED	WITHDRAWN	OTHER ADJUSTMENTS	2022	CONDITION
Memorial Trees	152	9	(8)	(2)*	151	Poor to Excellent

* In FY 2022, the master inventory was adjusted to remove a duplicate entry for a memorial tree that was approved in FY 2021 but was not planted until FY 2022. The inventory also was adjusted to account for a memorial tree that was removed in FY 2021 but not recorded until FY 2022.

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 by purchase, private or institutional donation, or collected from wild populations, and withdrawn due to plants dying or exhibiting disease, or a change in institutional need. Collectible heritage assets include:

Artwork: The AOC cares for artwork that is part of the Capitol campus. These include interior sculptures, 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 individual accession number might include multiple lots (divisions) and multiple individual plants at different locations. Additions and withdrawals are not measured by individual plants.

An inventory of the AOC's collectible heritage assets as of September 30, 2022, and 2021 follows:

DESCRIPTION	2021	ADDED	WITHDRAWN	OTHER ADJUSTMENTS	2022	CONDITION
Artwork	2,006	3	(2)	-	2,007	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)	1,240	-	-	-	1,240	Good
Traditional Archival Records	566,096	14,339	-	-	580,435	Fair to Excellent
Electronic Archival Records (Megabytes [MB])	17,577.70	274.40	-	-	17,852.10	N/A
Living Botanical Assets (Accessions)	9,612	554	(846)	(10)*	9,310	N/A

*Ten living botanical assets were duplicated in the FY 2021 inventory and were removed in the FY 2022 inventory.

NOTE 10: ADVANCES, PREPAYMENTS, AND DEFERRED REVENUE

Advances, Prepayments, and Deferred Revenue 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. In FY 2022, Advances to Others and Prepayments – Other than Intragovernmental consist of employee travel advances associated with approved training.

Dollars in Thousands

ASSETS	2022	2021
Intragovernmental		
Advances to Others and Prepayments	$4,799	$2,902
Total Intragovernmental	**$4,799**	**$2,902**
Other than Intragovernmental:		
Advances to Others and Prepayments	$2	$-
Total Other than Intragovernmental	$2	$-
Total	**$4,801**	**$2,902**

Dollars in Thousands

LIABILITIES	2022	2021
Intragovernmental		
Advances from Others	$25,707	$26,521
Total Intragovernmental	**$25,707**	**$26,521**
Total	**$25,707**	**$26,521**

The increase in Advances to Others and Prepayments, Intragovernmental is attributed to additional advance payments to federal trading partners for the Cannon Renewal. The increase was partially offset by the liquidation of advance payments as services were rendered and costs were incurred primarily for the Power Plant Utility Studies and Energy project.

The decrease in Advances from Others is primarily 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 and Library of Congress.

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 (if applicable) 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 (Unfunded FECA Liability). The actuarial workers' compensation liability is calculated using a model 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 Other Liabilities, Intragovernmental 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.

The breakdown of the Liabilities not Covered by Budgetary Resources as of September 30, 2022, and 2021, are as follows:

Dollars in Thousands

LIABILITIES	2022	2021
Intragovernmental		
Unfunded FECA Liability (Note 14)	$7,463	$7,790
Total Intragovernmental	**$7,463**	**$7,790**
Federal Debt and Interest Payable (Note 12)	$31,864	$45,610
Federal employee and veteran benefits payable:		
Unfunded accrued annual leave	17,260	19,296
Actuarial unfunded worker's Compensation	48,110	49,322
Environmental and disposal liabilities (Note 13)	183,422	179,022
Other:		
Capital lease liability (Note 15)	2,670	3,461
Other liabilities without related budget obligations (Note 14)	46,281	47,907
Total liabilities not covered by budgetary resources	**$337,070**	**$352,408**
Total liabilities covered by budgetary resources	**142,672**	**99,763**
Total liabilities not requiring budgetary resources	**54**	**7**
Total liabilities	**$479,796**	**$452,178**

The decrease in the Unfunded FECA Liability is primarily due to lower FECA costs billed by the Department of Labor as a result of decreased claims submitted by AOC claimants. The decrease in unfunded accrued annual leave is a result of employees' leave usage rising back to normal levels after reduced leave usage in FY 2021 due to continued restrictions related to the COVID-19 pandemic. Additionally, the number of employees decreased in FY 2022 compared to FY 2021, also contributing to the lower unfunded leave liability. The change in actuarial unfunded worker's compensation is associated with a lower liability projection as per DOL's FECA model and cost factors.

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 Thurgood 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 FY 2022 and FY 2021 ending balances shown in the charts below represent activities through September 30 for each respective year. The Borrowing (Repayments), Net reflects the current year activity for each respective fiscal year.

The balance of debt and interest payable, as of September 30, 2022, and 2021, is as follows.

Dollars in Thousands

	2021			2022	
OTHER THAN INTRAGOVERNMENTAL DEBT OWED BY TYPE	BEGINNING BALANCE	BORROWING/ (REPAYMENTS), NET	ENDING BALANCE	BORROWING/ (REPAYMENTS), NET	ENDING BALANCE
Securities	$68,920	$(17,230)	$51,690	$(17,230)	$34,460
Interest Payable	1,086	(108)	978	(120)	858
Discount on Securities	(400,123)	-	(400,123)	-	(400,123)
Less: Amortization of Discount on Securities	388,346	4,719	393,065	3,604	396,669
Total	**$58,229**	**$(12,619)**	**$45,610**	**$(13,746)**	**$31,864**

Various judiciary offices and personnel occupy the Thurgood Marshall Building under an Interagency Agreement between the AOC and the Administrative Office of the U.S. Courts. Payments commenced in 1994 and 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.

The net decrease is mainly attributed to the semi-annual bond payments made for the Thurgood Marshall Building along with the related accrued interest paid and bond amortizations. These bond payments are expected to occur each year until the bond is paid off.

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
The AOC is responsible for managing and/or abating friable and nonfriable 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, the 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. The 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.

The AOC accrued an environmental liability of $183 million. The estimated liability range is $183 million on the lower end to $374 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, 2022, and 2021, are as follows.

Dollars in Thousands

ENVIRONMENTAL AND DISPOSAL CLEANUP COST	2022	2021
Accrued Liabilities (Note 11 and Note 16)	$183,422	$179,022

The change in the liability is attributed to an increase in the rates used to calculate the liability during the current year as reflected in the RSMeans cost estimating guidance utilized by the AOC.

Fort George G. Meade, Maryland
In addition to the requirements of Technical Bulletin 2006-1, the 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 the 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 the 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 the AOC, and is pursuing appropriate remediation of this contamination.

NOTE 14: OTHER LIABILITIES

As of September 30, 2022 and 2021, other intragovernmental liabilities consist of undeposited CVC Gift Shops sales, miscellaneous receipts, and Unfunded FECA Liability. See Note 4 for the description of undeposited CVC Gift Shops sales (Liability for Non-Fiduciary Deposit Funds and

Undeposited Collections) and explanation of the increase in this line item. See Note 2 for the description of miscellaneous receipts (Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity) as well as the explanation of the increase in this line item, which include non-entity receipts that are to be forwarded to Treasury. See Note 11 for the description of the Unfunded FECA Liability and the associated explanation of the decrease in the liability. In FY 2022 and FY 2021, Other liabilities – Other than Intragovernmental consist of Contract Holdbacks, Accrued Funded Payroll, long term debt from the cogeneration financing (Other Liabilities Without Related Budgetary Obligations), and outstanding capital lease principal. In FY 2021, Other liabilities – Other than Intragovernmental also included accrued accounts payable (Other Liabilities with Related Budgetary Obligations).

Other Liabilities, as of September 30, 2022, and 2021, are as follows:

Dollars in Thousands

OTHER LIABILITIES	2022	2021
Intragovernmental:		
Liability for Non-Fiduciary Deposit Funds and Undeposited Collections	$23	$-
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity	31	7
Unfunded FECA Liability	7,463	7,790
Total Intragovernmental	**$7,517**	**$7,797**
Other than Intragovernmental:		
Contract Holdbacks	$21,191	$17,023
Other Liabilities with Related Budgetary Obligations		39,061
Accrued Funded Payroll and Leave	16,676	15,334
Other Liabilities Without Related Budgetary Obligation (Current, Not Covered)	1,744	1,627
Other Liabilities without Related Budgetary Obligations	44,537	46,280
Capital Lease Liability (Current, Not Covered)	839	791
Capital Lease Liability	1,831	2,670
Total Other than Intragovernmental	$86,818	$122,786
Total	**$94,335**	**$130,583**

The change in contract holdbacks is primarily attributed to incremental retainage on progress payments for ongoing construction projects. These amounts are expected to be liquidated and released upon satisfactory completion of associated projects. AOC reclassified its accrued accounts payable (Other Liabilities with Related Budgetary Obligations) from Other Liabilities to Accounts Payable. The large offsetting fluctuations in the Other Liabilities and Accounts Payable lines on the balance sheet are attributed to the reclassification in the current year (see Note 1B). In addition, the change in accrued Funded Payroll and Leave reflects the increased accrual due to the pay calendar having one additional day in the current accrual period.

NOTE 15: LEASES

As of September 30, 2022, the AOC is committed to various non-cancelable leases primarily covering administrative office space and storage facilities. Many of these leases contain escalation clauses tied to inflationary and tax increases, and renewal options.

Operating Leases

The AOC has entered into various operating lease agreements for 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 2023 and FY 2027.

As of September 30, 2022, the aggregate of future payments due under noncancelable federal and nonfederal operating leases and occupancy agreements are as follows:

Dollars in Thousands

REAL PROPERTY			
FISCAL YEAR	FEDERAL	NONFEDERAL	TOTAL
2023	$6,885	$11,511	$18,396
2024	3,171	7,897	11,068
2025	-	4,986	4,986
2026	-	3,256	3,256
2027	-	1,152	1,152
Thereafter	-	-	-
Total Future Leases	**$10,056**	**$28,802**	**$38,858**

Capital Leases

The balance of Assets classified as Capital Leases, as of September 30, 2022, and 2021, is as follows:

Dollars in Thousands

SUMMARY OF ASSETS UNDER CAPITAL LEASE	2022	2021
Land and Buildings	$40,143	$40,143
Accumulated Amortization	(38,257)	(37,647)
Total Capital Leases	**$1,886**	**$2,496**

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, the AOC had one nonfederal capital lease for the Senate Sergeant at Arms Warehouse building in Landover, Maryland. This lease is active through FY 2025.

As of September 30, 2022, and 2021, the present value of the future minimum lease payments is as follows:

At September 30, 2022, Dollars in Thousands

FISCAL YEAR	TOTAL
2023	947
2024	956
2025	966
Thereafter	-
Total Minimum Future Lease Payment	**$2,869**
Less: Imputed Interest	(199)
Net Capital Lease Liability	**$2,670**
Capital Lease Liabilities Covered by Budgetary Resources	**$-**
Capital Lease Liabilities Not Covered by Budgetary Resources	**$2,670**

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)
Total Capital Lease Liability	**$3,461**
Capital Lease Liabilities Covered by Budgetary Resource	**$-**
Capital Lease Liabilities Not Covered by Budgetary Resources	**$3,461**

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, the 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, 2022, and 2021, are shown in the following table. See Note 13 for an explanation of the increase in the Environmental Cleanup Cost Liabilities.

At September 30, 2022, Dollars in Thousands

CONTINGENT LOSS	ACCRUED LIABILITIES	ESTIMATED RANGE OF LOSS LOWER END	UPPER END
Legal Contingencies:			
Reasonably Possible	$-	$-	$7,400
Environmental Contingencies:			
Probable (Note 13)	$183,422	$183,422	$374,304

At September 30, 2021, Dollars in Thousands

CONTINGENT LOSS	ACCRUED LIABILITIES	ESTIMATED RANGE LOWER END	OF LOSS UPPER END
Legal Contingencies:			
Reasonably Possible	$-	$15	$3,500
Environmental Contingencies:			
Probable (Note 13)	$179,022	$179,022	$348,501

Legal Liabilities

General contingent liabilities consist of claims filed against the AOC that 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, the AOC conducted a review of existing claims for which the likelihood of loss to the AOC is probable. Additionally, management and the 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 criterion.

Additionally, management and the 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 utility energy service contracts (UESC) to help finance the design-build of its cogeneration system at the Capitol Power Plant and implement separate energy savings performance contracts (ESPC) 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 light-emitting diode (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, 2022, the AOC has four active ESPCs and one active UESC arrangement. 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 construction activities for the last of these contracts, the ESPC for the Library Buildings and Grounds jurisdiction, was substantially concluded in FY 2022 (contract close out and other administrative tasks remain to be completed in FY 2023). The scheduled final payments for the contracts range from FY 2023 to FY 2037. 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, the 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 the 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 periods ended September 30, 2022, and 2021, is as follows:

Dollars in Thousands

IMPUTED FINANCING, BY TYPE	2022	2021
Pensions		
CSRS	$193	$422
CSRS Offset	423	480
FERS	57,183	52,106
Less: Contributions	(50,478)	(47,303)
Subtotal: Employee Pensions	**$7,321**	**$5,705**
Health Insurance	$17,193	$16,818
Life Insurance	41	40
Subtotal: All Employee Benefits	**$24,555**	**$22,563**
Other Agency – Campus Infrastructure	$2,336	$3,940
Department of Justice – Treasury Judgement Fund	35	19
OCWR-Settlement and Awards Fund	44	30
Reversal of Imputed OCWR payments	(15)	(70)
Total	**$26,955**	**$26,482**

In FY 2022, the change in imputed financing costs for employee benefits is primarily due to FEHB and pensions (FERS). The FERS increase is due to higher annual basic pay and an increase in OPM cost factors. FEHB enrollment figures have historically fluctuated based on employee enrollment. Additionally, the reversal of imputed OCWR payments is due to AOC's reimbursement to OCWR.

NOTE 18: NET COST OF OPERATIONS RELATED TO PAYROLL

Expenses for salaries and related benefits for the periods ended September 30, 2022, and 2021, are shown in the following table. These amounts were approximately 44 and 40 percent of the annual gross cost of operations for each respective fiscal 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 periods ended September 30, 2022, and 2021, is as follows:

Dollars in Thousands

EXPENSES FOR PAYROLL & RELATED BENEFITS	2022	2021
Payroll Expense	$314,766	$308,505
Benefit Expenses		
FECA and UCFE	3,803	4,263
Imputed Costs (Note 17)	24,555	22,563
Other Accrued Expenses		
Current Year Accrued Expenses	20,092	18,529
Reversal of Prior Year Accrued Expenses	(19,076)	(18,127)
Total Expenses for Payroll & Related Benefits	**$344,140**	**$335,733**
Total Gross Cost	**$788,789**	**$832,586**
Payroll related expenses to Gross Costs (%)	**44%**	**40%**

The increase is payroll expenses is due to higher cost of benefits per OPM and also reflects FY 2022 pay increases.

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 periods ended September 30, 2022, and 2021 is as follows:

Dollars in Thousands

RECONCILIATION OF SCNP APPROPRIATIONS TO SBR	2022	2021
SCNP		
Appropriations Received	$788,330	$1,007,560
Total SCNP Appropriations	**$788,330**	**$1,007,560**
SBR		
Trust or Special Fund Receipts	$17	$10
Total SBR Appropriations	**$788,347**	**$1,007,570**

The decrease in appropriations received reflects the supplemental appropriation received in Q4 FY 2021 for funding AOC's response to the events at the States Capitol on January 6, 2021. No such amount was received in FY 2022. The increase in Trust or Special Fund Receipts is due to increased special fund receipts from commercial photography permits issued for Union Square as COVID-19 restrictions have eased.

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	2022	2021
Unobligated Balance Brought Forward, October 1	$814,080	$472,307
Net Adjustments		
Cancelled Authority	(3,025)	(2,932)
Downward Adj PY Unpaid Unexpended Obligations	16,967	18,976
Downward Adj PY Unpaid Expended Authority	15,349	14,424
Downward Adj PY Paid Expended Authority (Refunds Collected)	5,838	5,114
Total Net Adjustments	**$35,129**	**$35,582**
Unobligated Balance from Prior Year Budget Authority, Net	**$849,209**	**$507,889**

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 periods ended September 30, 2022, and 2021, are as follows:

Dollars in Thousands

UNDELIVERED ORDERS	2022	2021
Paid		
Federal	$4,799	$2,902
Non-Federal	2	-
Total Paid	**$4,801**	**$2,902**
Unpaid		
Federal	$293,445	$19,400
Non-Federal	401,779	337,765
Total Unpaid	**$695,224**	**$357,165**

See Note 10, Advances and Prepayments, for the explanation of the increase in the Paid Undelivered Orders balance. The significant increase in the Federal Unpaid Undelivered Orders balance is primarily related to a new construction project executed with the Army Corps of Engineers.

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

The FY 2023 Budget of the United States Government (President's Budget) presenting the actual amounts for the year ended September 30, 2021, was published in March 2022. The FY 2023 President's Budget is reconciled to AOC's September 2021 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 to the SBR is as follows:

Dollars in Thousands

RECONCILIATION OF SBR TO BUDGET FY 2021	BUDGETARY RESOURCES	NEW OBLIGATIONS AND UPWARD ADJUSTMENTS	NET OUTLAYS
Combined Statement of Budgetary Resources (SBR)	$1,561,879	$747,799	$766,384
Items on SBR - Not on Budget:			
Expired Funds	(50,772)	-	-
Other	(6,107)	(799)	1,616
Budget of the United States Government	$1,505,000	$747,000	$768,000

The "Other" difference between the FY 2021 comparative amounts presented on the SBR and the actual amounts published in the FY 2023 President's Budget are due to amounts that are presented on the SBR but not included in the President's Budget (e.g., 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.

The reconciliation for the period ending September 30, 2022 and 2021 is as follows:

At September 30, 2022, Dollars in Thousands

RECONCILIATION OF NET OPERATING COST AND NET BUDGETARY OUTLAYS	INTRAGOVERNMENTAL	OTHER THAN INTRAGOVERNMENTAL	TOTAL
Net Operating Cost	**$(16,461)**	**$721,573**	**$705,112**
Components of Net Operating Cost Not Part of the Budgetary Outlays			
Property, plant, and equipment depreciation expense	-	(149,529)	(149,529)
Property, plant, and equipment disposals & reevaluation	-	(4)	(4)
Cost of goods sold		(841)	(841)
Increase/(decrease) in assets:			
Accounts receivable, net	4	(28)	(24)
Securities and Investments	74	-	74
Other assets	-	1,921	1,921
(Increase)/decrease in liabilities:			
Accounts payable/Other Liabilities	(2,919)	(37,267)	(40,186)
Environmental and disposal liabilities	-	(4,400)	(4,400)
Federal employee and veteran benefits payable	-	3,247	3,247
Federal debt and interest payable	-	22	22
Financing Sources:			
Imputed Cost	(26,955)	-	(26,955)
Total Components of Net Operating Cost Not Part of the Budget Outlays	**$(29,796)**	**$(186,879)**	**$(216,675)**
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of capital assets	-	250,540	250,540
Acquisition of inventory	-	257	257
Financing Sources:			
Transfers out (in) without reimbursements	-	(1,135)	(1,135)
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	**$-**	**$249,662**	**$249,662**
Misc. Items			
Custodial/Non-exchange revenue	-	(51)	(51)
Appropriated Receipts for Trust/Special Funds	-	17	17
Total Other Reconciling Items	**$ -**	**$(34)**	**$(34)**
Net Outlays (Calculated Total)	**$(46,257)**	**$784,322**	**$738,065**
Budgetary Agency Outlays, net			
Budgetary Agency Outlays, net			$738,065

At September 30, 2021, Dollars in Thousands

RECONCILIATION OF NET OPERATING COST AND NET BUDGETARY OUTLAYS	INTRAGOVERNMENTAL	OTHER THAN INTRAGOVERNMENTAL	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
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**	**$240,301**
Custodial/Non-exchange revenue		(2)	(2)
Appropriated Receipts for Trust/Special Funds		10	10
Total Other Reconciling Items	-	8	8
Net Outlays (Calculated Total)	**$(50,248)**	**$816,632**	**$766,384**
Budgetary Agency Outlays, net			
Budgetary Agency Outlays, net			$766,384

Components of Net Operating Cost Not a Part of the Budgetary Outlays reflects the budgetary resources used to finance the 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, the AOC received supplemental appropriations totaling $25 million as part of the CARES Act. Supplemental CARES Act funding provided additional cleaning supplies and services, COVID-19-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 the AOC's general transfer authority under 2 U.S.C. § 1862 and 31 U.S.C. § 1532, the 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 the AOC to continue funding contractor reimbursements pursuant to Section 3610 of the CARES Act. As a result, AOC transferred $1 million in FY 2020 and FY 2021 respectively.

In FY 2021, P.L. 117-31 provided Emergency Supplemental Appropriation for approximately $22 million to the AOC to cover necessary expenses to "prevent, prepare for, and respond to coronavirus". As authorized by this P.L., approximately $9.4 million was transferred to other appropriations in FY 2022 to restore funds that were used for the COVID-19 response.

The following tables depicts available funding and spending by program activity.

Dollars in Thousands

Emergency Supplemental Appropriation	2022	2021
Budgetary Resources:		
Unobligated (and unexpired) Balance Carried Forward from PY	$19,432	$ -
New Budget Authority (+)	-	21,869
Rescissions(-)/Other Changes(+/-) to Budgetary Resources	(9,354)	-
Budgetary Resources Obligated (-)		
Service Contracts	(2,279)	(200)
Other Contracts	(7,799)	(2,237)
Total Budgetary Resources Obligated (-)	**(10,078)**	**(2,437)**
Budgetary Resources: Ending Unobligated (and unexpired) Balance to be Carried Forward	**$ -**	**$19,432**
Outlays		
Service Contracts	1,904	-
Other Contracts	9,617	-
Total Outlays, Net	**$11,521**	**$ -**

Dollars in Thousands

CARES Act	2022	2021
Budgetary Resources:		
Unobligated (and unexpired) Balance Carried Forward from PY	$ -	$2,689
New Budget Authority (+)	-	-
Rescissions(-)/Other Changes(+/-) to Budgetary Resources	-	1,000
Budgetary Resources Obligated (-)		
Supplies and Services	-	(1,425)
Payroll	-	(1)
Contract Payments	-	(1,604)
Projects		(658)
Total Budgetary Resources Obligated (-)		**(3,688)**
Budgetary Resources: Ending Unobligated (and unexpired) Balance to be Carried Forward	**$ -**	**$1**
Outlays		
Supplies and Services	880	3,837
Payroll	-	1
Contract Payments	182	1,985
Projects		658
Total Outlays, Net	**$1,062**	**$6,481**

The comparative presentation of the COVID-19 Activity Note has been revised to conform with the FY 2022 presentation prescribed by OMB A-136.

Additional footnotes discussing COVID-19 related impacts are Note 4: Cash and Other Monetary Assets; Note 5: Investments; Note 7: Inventory; Note 11: Liabilities Not Covered by Budgetary Resources; 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
CWIP	Construction Work-in-Progress
DOL	U.S. Department of Labor
ESPC	Energy Savings Performance Contracts
EHRP	Exhibition Hall Renovation Project
FAR	Federal Acquisition Regulations
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
GAAS	United States Generally Accepted Auditing Standards
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
IUS	Internal Use Software
LED	Light-Emitting Diode
MB	Megabytes

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
P3	Public-Private Partnerships
P.L.	Public Law
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

OFFICE OF THE INSPECTOR GENERAL
Fairchild Building, Suite 518
499 South Capitol Street, SW
Washington, DC 20515
(202) 593-1948
hotline@aoc-oig.org