Architect of the Capitol
Office of Inspector General



Audit of Fiscal Year 2026 Financial Statements

OIG-AUD-2027-01

November 16, 2026

ARCHITECT OF THE CAPITOL

MISSION

The Office of Inspector General provides independent, objective oversight that promotes integrity and accountability, improves performance, and safeguards the AOC's stewardship of historic facilities, infrastructure, and resources in service to Congress, the Supreme Court, and the American people.

VISION

Be a trusted and independent oversight partner that drives accountability, safeguards AOC resources, and supports the enduring institutions that represent American democracy.

REPORT FRAUD, WASTE, AND ABUSE

Confidential Toll-Free Hotline: 877.489.8583

OIG Website & Hotline Report: https://aocoig.gov/

LinkedIn: https://www.linkedin.com/company/aocoig

Email: oig@aoc.gov

Visit: Fairchild Building, Suite 518, 499 South Capitol Street, SW, Washington, DC 20515

Inspector General

DATE: November 16, 2026

TO: Thomas E. Austin, PE, CCM, PMP
Architect of the Capitol

FROM: Luiz A. Santos, CFE, PMP
Inspector General

SUBJECT: Audit of Architect of the Capitol's (AOC) Fiscal Year 2026 Financial Statements (Audit Report OIG-AUD-2027-01)

This memorandum transmits the KPMG LLP (KPMG) auditors' report on the Architect of the Capitol's (AOC) consolidated financial statements for the fiscal year that ended September 30, 2026.

The AOC Office of Inspector General (OIG) contracted with KPMG, an independent public accounting firm, to audit the financial statements of AOC as of and for fiscal years ended September 30, 2026, and 2025; report on internal controls over financial reporting; report on compliance with laws, regulations, and contracts; and report on whether AOC's financial management systems did not comply substantially with certain provisions referred to in Section 803(a) of the Federal Financial Management Improvement Act of 1996 (FFMIA). 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 (2024 Revision); Office of Management and Budget Bulletin No. 24-02, *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 are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses[1] in internal control over financial reporting;
- no instances in which the AOC's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level; and
- no reportable noncompliance with certain provisions of laws, regulations, and contracts tested or other matters.

KPMG is responsible for the attached auditors' report dated November 16, 2026, and the

[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. AICPA Auditing Standards-Clarified Section 265 Communicating Internal Control Related Matters Identified in an Audit; Definitions subsection .07.

conclusions expressed therein. We do not express opinions on AOC's financial statements, internal control over financial reporting, whether AOC's financial management systems complied substantially with the provisions of FFMIA; or conclusions on compliance.

We appreciate the courtesies extended to our staff during the evaluation. If you have any questions, please contact me at 202.593.1948 or luiz.santos@aoc.gov. Alternatively, your staff may contact Peter Sima-Eichler, Deputy Inspector General, at 202.355.5948 or peter.sima-eichler@aoc.gov or Erica Boyden, Assistant Inspector General for Audits at 202.215.3395 or erica.boyden@aoc.gov.

Distribution List:

- Telora Dean, Special Assistant to the Architect
- Sherri Jordan, Chief Financial Officer
- Robert Bell, Chief Information Officer
- Patrick Briggs, Chief of Staff
- Danna Planas Ocasio, Deputy Chief of Staff
- Jacqueline Butler, Acting Chief Administrative Officer
- Joseph DiPietro, Chief of Operations
- Angela Freeman, General Counsel
- Kirk Nelson, Chief Engineer
- Aaron Altwies, Chief Security Officer
- James Kaufmann, Executive Director, U.S. Capitol Grounds & Arboretum
- Michael Lewis, Executive Director, Library Buildings and Grounds
- Stephanie Jones, Executive Director of Facilities Operations, Senate Office Buildings
- Jason McIntyre, Executive Director of Facilities Operations, U.S. Capitol Building
- Joseph Yates, Executive Director of Facilities Operations, House Office Buildings
- Charles Iliff, Director, Office of Safety and Code Compliance
- Deatra Trinidad, Executive Director of Facilities Operations, Supreme Court Buildings and Grounds
- Susan Pell, Executive Director, U.S. Botanic Garden
- Matthew O'Connor, Chief Executive Officer for Visitor Services
- Christopher Potter, Executive Director, Utilities and Power Plant Operations

TABLE OF CONTENTS

SECTION 1:
Independent Auditors' Report

SECTION 2:
Architect of the Capitol's Comments

SECTION 3:
AOC's Fiscal Year 2026 Financial Statements

ACRONYMS AND ABBREVIATIONS

SECTION 1:

Independent Auditors' Report

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 Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Architect of the Capitol (AOC), which comprise the consolidated balance sheets as of September 30, 2026 and 2025, and the related consolidated statements of net cost, changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the AOC as of September 30, 2026 and 2025, and its net cost, 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. 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin No. 24-02 are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the 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 consolidated financial statements. Such information is not a required part of the consolidated 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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. 24-02 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 consolidated financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and OMB Bulletin No. 24-02, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the AOC's ability to continue as a going concern for a reasonable period of time.

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 consolidated financial statements. Such information is the responsibility of management and, although not a part of the basic consolidated 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 consolidated 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 consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated 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, Introduction, The Year in Photos, Section Two:

Performance Information, Section Three: Financial Information, Overview, Introducing Principal Financial Statements, Message from the Chief Financial Officer, Inspector General Transmittal, Architect of the Capitol's Response to the Inspector General, Section Four: Other Information, Appendices, Platforms, Capitol Highlights, and Infographics but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial 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 consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated 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.

Other Reporting Required by *Government Auditing Standards*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2026, we considered the AOC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the AOC's internal control. Accordingly, we do not express an opinion on the effectiveness of the AOC's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the AOC's consolidated financial statements as of and for the year ended September 30, 2026 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated 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. 24-02.

We also performed tests of the AOC's compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which the AOC's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

Purpose of the Other 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 the AOC's internal control or compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the AOC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
November 16, 2026

SECTION 2:

Architect of the Capitol's 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, 2026

Mr. Luiz Santos
Inspector General
Architect of the Capitol
Washington, DC 20515

Dear Mr. Santos:

Thank you for the opportunity to comment on the Independent Auditors' Report related to the Architect of the Capitol's (AOC) financial statements for the Fiscal Year ending September 30, 2026. We are pleased the audit resulted in an unmodified opinion — marking the 22nd consecutive year the AOC received a "clean" opinion.

In addition, the auditor's report identified zero material weaknesses, no significant deficiencies, and one control deficiency. The AOC works diligently to establish strong management practices to address our fiscal compliance requirements and manage our financial processes and systems.

We appreciate working collaboratively with you in support of an efficient and effective audit. 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,



Thomas E. Austin, PE, CCM, PMP
Architect of the Capitol

Doc. No. 261026-04-05

SECTION 3:

AOC's Fiscal Year 2026 Financial Statements



Architect of the Capitol

Fiscal Year 2026 Financial Statements | For the Fiscal Years Ended September 30, 2026, and 2025

Prepared by: Office of the Chief Financial Officer (CFO)
Accounting Division

Ford House Office Building
Second and D Streets, SW
Washington, DC 20515

November 9, 2026

ARCHITECT OF THE CAPITOL

ARCHITECT OF THE CAPITOL

Architect of the Capitol

Financial Statements

I. Balance Sheets

II. Statements of Net Cost

III. Statements of Changes in Net Position

IV. Combined Statements of Budgetary Resources

V. Notes to the Financial Statements

Architect of the Capitol
BALANCE SHEETS
As of September 30, 2026, and 2025

Dollars in Thousands	2026	2025
Assets (Note 2)		
Intragovernmental Assets		
Fund Balance with Treasury (Note 3)	$ 1,394,904	$ 1,516,483
Investments, Net (Note 5)	19,202	19,575
Accounts Receivable, Net (Note 6)	718	949
Advances and Prepayments (Note 10)	292,936	327,428
Total Intragovernmental Assets	$ 1,707,760	$ 1,864,435
Other than Intragovernmental Assets		
Cash and Other Monetary Assets (Note 4)	$ 40	$ 41
Accounts Receivable, Net (Note 6)	893	659
Inventory and Related Property, Net (Note 7)	1,634	1,304
General and Right-to-Use Property, Plant and Equipment, Net (Note 8)	2,913,169	2,999,404
Advances and Prepayments (Note 10)	1	2
Total Other than Intragovernmental Assets	$ 2,915,737	$ 3,001,410
Total Assets	**$ 4,623,497**	**$ 4,865,845**
Land and Heritage Assets (Notes 8 and 9)		
Liabilities (Note 11)		
Intragovernmental Liabilities		
Accounts Payable	$ 1,232	$ 948
Advances from Others and Deferred Revenue (Note 10)	31,372	30,328
Other Liabilities (Note 13)	7,861	7,729
Total Intragovernmental Liabilities	$ 40,465	$ 39,005
Other than Intragovernmental Liabilities		
Accounts Payable	$ 86,347	$ 88,330
Federal Employee Salary, Leave and Benefits Payable	30,837	29,571
Post-Employment Benefits Payable	34,185	37,354
Environmental and Disposal Liabilities (Note 12)	233,462	231,427
Other Liabilities (Note 13)		
Contract Holdbacks	31,109	23,117
Contingent Liabilities (Notes 13 and 15)	-	890
Lessee Lease Liabilities (Notes 14)	100,347	99,150
Other Liabilities Without Related Budgetary Obligations	38,574	40,708
Interest Payable	530	560
Total Other than Intragovernmental Liabilities	$ 555,391	$ 551,107
Total Liabilities	**$ 595,856**	**$ 590,112**
Commitments and Contingencies (Note 15)		
Net Position		
Total Unexpended Appropriation	$ 1,449,110	$ 1,598,577
Total Cumulative Results of Operations	2,578,531	2,677,156
Total Net Position	**$ 4,027,641**	**$ 4,275,733**
Total Liabilities and Net Position	**$ 4,623,497**	**$ 4,865,845**

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

Architect of the Capitol
STATEMENTS OF NET COST
For the Fiscal Years Ended September 30, 2026, and 2025

Dollars in Thousands	2026	2025
Gross Program Costs		
Capital Construction and Operations		
Gross Costs	$ 170,005	$ 170,403
Less Earned Revenue	(957)	(806)
Net Program Costs	169,048	169,597
Capitol Building		
Gross Costs	72,305	78,642
Less Earned Revenue	(441)	(432)
Net Program Costs	71,864	78,210
Capitol Grounds and Arboretum		
Gross Costs	21,059	20,066
Less Earned Revenue	(91)	(120)
Net Program Costs	20,968	19,946
Capitol Police Buildings, Grounds, and Security		
Gross Costs	115,536	86,128
Less Earned Revenue	(387)	(3,554)
Net Program Costs	115,149	82,574
Capitol Power Plant		
Gross Costs	144,142	144,316
Less Earned Revenue	(11,688)	(10,715)
Net Program Costs	132,454	133,601
House Office Buildings		
Gross Costs	170,308	149,082
Less Earned Revenue	(76)	(96)
Net Program Costs	170,232	148,986
Library Buildings and Grounds		
Gross Costs	65,565	57,558
Less Earned Revenue	(8,202)	(9,933)
Net Program Costs	57,363	47,625
Senate Office Buildings		
Gross Costs	118,172	117,706
Less Earned Revenue	(549)	(190)
Net Program Costs	117,623	117,516
Supreme Court Buildings and Grounds		
Gross Costs	59,469	55,217
Less Earned Revenue	(21,017)	(24,990)
Net Program Costs (Revenues)	38,452	30,227
U.S. Botanic Garden		
Gross Costs	23,971	24,254
Less Earned Revenue	-	(10)
Net Program Costs	23,971	24,244
U.S. Capitol Visitor Center		
Gross Costs	40,216	39,911
Less Earned Revenue	(8,940)	(9,425)
Net Program Costs	31,276	30,486
Net Cost of Operations (Note 22)	**$ 948,400**	**$ 883,012**

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

Architect of the Capitol
STATEMENTS OF CHANGES IN NET POSITION
For the Fiscal Years Ended September 30, 2026, and 2025

Dollars in Thousands	2026	2025
Unexpended Appropriations		
Beginning Balance	$ 1,598,577	$ 1,667,913
Appropriations Received (Note 18)	823,353	850,949
Appropriations Transferred In/(Out) (Note 18)	3,700	3,800
Other Adjustments	(7,974)	(8,395)
Appropriations Used	(968,546)	(915,690)
Net Change in Unexpended Appropriations	(149,467)	(69,336)
Total Unexpended Appropriations	**$ 1,449,110**	**$ 1,598,577**
Cumulative Results of Operations		
Beginning Balance	$ 2,677,156	$ 2,584,403
Adjustments:		
Changes in Accounting Principles (Note 8)	(169,231)	-
Beginning Balance, as Adjusted	$ 2,507,925	$ 2,584,403
Appropriations Used	968,546	915,690
Non-Exchange Revenue	-	15
Transfers-In/(Out) Without Reimbursement	(1,655)	(469)
Imputed Financing (Note 16)	52,115	60,529
Net Cost of Operations	(948,400)	(883,012)
Net Change in Cumulative Results of Operations	70,606	92,753
Total Cumulative Results Of Operations	**$ 2,578,531**	**$ 2,677,156**
Net Position	**$ 4,027,641**	**$ 4,275,733**

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

Architect of the Capitol
COMBINED STATEMENTS OF BUDGETARY RESOURCES
For the Fiscal Years Ended September 30, 2026, and 2025

Dollars in Thousands		2026		2025
Budgetary Resources				
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory) (Note 19)	$	955,523	$	1,036,841
Appropriations (Discretionary and Mandatory)		823,411		854,798
Spending Authority from Offsetting Collections (Discretionary and Mandatory)		52,463		67,054
Total Budgetary Resources	**$**	**1,831,397**	**$**	**1,958,693**
Status of Budgetary Resources				
New Obligations and Upward Adjustments (Total)	$	1,002,435	$	1,055,921
Unobligated Balance, End of Year				
Exempt from Apportionment, Unexpired Accounts		782,779		862,818
Unexpired Unobligated Balance, End of Year		782,779		862,818
Expired Unobligated Balance, End of Year		46,183		39,954
Unobligated Balance, End of Year (Total)		828,962		902,772
Total Budgetary Resources	**$**	**1,831,397**	**$**	**1,958,693**
Outlays, Net				
Outlays, Net (Total) (Discretionary and Mandatory)	$	941,055	$	999,150
Agency Outlays, Net (Discretionary and Mandatory) (Note 22)	**$**	**941,055**	**$**	**999,150**

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

Index

Note 1: Summary of Significant Accounting Policies 3
A.Reporting Entity 3
B.Basis of Accounting and Presentation 3
C.Fund Balance with Treasury 4
D.Accounts Receivable 4
E.Investments 4
F.Advances to Others and Prepayments 5
G.Trust and Revolving Funds 5
H.Recognition of Financing Sources 7
I.Operating Materials and Supplies 8
J.Inventory 8
K.Public-Private Partnerships 8
L.Leases 8
M.General and Right-To-Use (RTU) Property, Plant and Equipment (PP&E), Net 8
N.Stewardship Property, Plant and Equipment 9
O.Liabilities 9
P.Personnel Compensation and Benefits 10
Q.Statement of Net Cost 11
R.Budgetary Terms 12
S.Use of Estimates 12
T.Classified Activities 12
Note 2: Non-Entity Asset 13
Note 3: Fund Balance with Treasury 13
Note 4: Cash and Other Monetary Assets 14
Note 5: Investments, Net 15
Note 6: Accounts Receivable, Net 15
Note 7: Inventory And Related Property, Net 17
Note 8: General and Right-to-Use (RTU) Property, Plant And Equipment (PP&E), Net 17
Note 9: Stewardship PP&E 19
Note 10: Advances, Prepayments, and Deferred Revenue 22
Note 11: Liabilities Not Covered by Budgetary Resources 23
Note 12: Environmental and Disposal Liabilities 24
Note 13: Other Liabilities 25
Note 14: Leases 26
Note 15: Commitments and Contingencies 28
Note 16: Imputed Financing 30
Note 17: Cost of Operations Related to Payroll 31
Note 18: Reconciliation of SCNP Appropriations to SBR 33
Note 19: Statement of Budgetary Resources – Unobligated Balance Brought Forward, October 1 33
Note 20: Undelivered Orders at the End of the Period 33
Note 21: Explanation of Differences Between the Combined Statements of Budgetary Resources and the Budget of The United States Government 34
Note 22: Reconciliation of Net Cost to Net Outlays 36

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 (U.S.)," its role has expanded to include responsibility for the maintenance, operation, development and preservation of the U.S. Capitol, Capitol Grounds, Capitol Police buildings, Capitol Power Plant, House office buildings, Library of Congress buildings and grounds, Senate office buildings, Supreme Court of the United States, U.S. Botanic Garden (USBG) and the U.S. Capitol Visitor Center (CVC).

The AOC employs over 2,000 staff who support its daily operations and mission as follows:

- Serve Congress and the Supreme Court by facilitating daily operations as well as official national events held in the U.S. Capitol or other Buildings and Grounds of the U.S. Capitol complex (e.g., Presidential inaugural ceremonies or State of the Union address)

- Preserve America's Capitol by executing major construction projects and facilities management operations (e.g., providing steam and chilled water to the Supreme Court, Thurgood Marshall Federal Judiciary Building (Thurgood Marshall Building), Union Station, the Folger Shakespeare Library, and steam-only to the Government Publishing Office (GPO) Building, and the United States Postal Service at the Postal Square Building)

- Inspire memorable experiences for U.S. Capitol complex visitors by providing extraordinary visitor services (e.g., CVC and USBG's educational programs and tours)

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. Amounts presented on the Combined Statement of Budgetary Resources (SBR) are presented on a combined basis and therefore do not show intra-AOC budgetary transactions that are eliminated per the budgetary crosswalk.

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 follows the accrual method of accounting, by recognizing revenues when earned and expenses when incurred, without regard to the actual collection or payment of cash. AOC records both proprietary and budgetary accounting transactions.

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 and the Office of Management and Budget (OMB) Circular A-11.

In accordance and conformity with the comparative presentation format, prescribed by OMB Circular A-

136 and the U.S. Department of the Treasury (Treasury), the financial statements and accompanying notes reflect current and prior year data. Certain prior-year amounts may have been reclassified to conform to the comparative-year presentation.

See: Note 8

Additionally, pursuant to Statements of Federal Financial Accounting Standards (SFFAS) No. 59, Accounting and Reporting of Government Land, AOC has derecognized general property plant and equipment (PP&E) land and permanent lands rights from its balance sheet and included descriptive information regarding land assets in the related note disclosure. This change in accounting principle is also reflected in the Statements of Changes in Net Position as a beginning balance adjustment as required by the standard.

Additionally, AOC Financial Statements (Balance Sheet) and Notes include specific modifications for clarity and immateriality, as permitted by OMB A-136.

C. Fund Balance with Treasury

See: Notes 3 and 4

The AOC maintains most available fund balances with Treasury. Fund Balance with Treasury (FBWT) represents the unexpended balances of expenditure and receipt accounts. 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 has other cash deposits that are held in accounts outside of Treasury.

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 seeks to use FBWT to liquidate budgetary obligations, Treasury will finance the disbursements in the same way it finances 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

See: Note 6

The AOC records accounts receivable in accordance with SFFAS No.1, Accounting for Selected Assets and Liabilities and FASAB Technical Bulletin 2020-1, Loss Allowance for Intragovernmental Receivables. The AOC recognizes accounts receivable when claims to cash against other entities or individuals can be established, either based on legal provisions, or goods or services provided. 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 payroll-related debt. Additionally, accounts receivable may include estimates for receivables due when the actual amount is unknown. These estimates are based on historical activity for similar provisions.

Accounts receivable from federal (intragovernmental) and nonfederal sources may be reduced to net realizable value by the Allowance for Doubtful Accounts. The estimate of the allowance, if applicable, is based on past collection experience and management's analysis of the outstanding receivable balances.

Congress has authorized AOC to retain a predetermined amount of its steam and chilled water reimbursements as an offsetting collection to cover current year obligations. The amount is subject to a legislatively established annual limit (i.e., the congressional cap). Any receivable (and subsequent collection) over the congressional cap is a non-entity asset that is credited to Treasury's Miscellaneous Receipts account.

E. Investments

The AOC records investments in Treasury securities in accordance with SFFAS No.1. 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. The carrying amount of investments is adjusted at the beginning of each reporting period to reflect amortization of the premium or discount. Premiums and discounts are amortized over the life of the Treasury security using the straight-line method. 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)

See: Note 5

The *Capitol Visitor Center Act of 2008* (2 United States Code (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, earned interest income is allowable and credited to the CVC Revolving Fund.

F. Advances to Others and Prepayments

See: Note 10

Advances to others and Prepayments consist of a) amounts advanced by the AOC to other federal trading partners for services to be provided under interagency agreements and b) employee travel advances (non-federal), if applicable.

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 Congressional Joint Committee 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
- Flag Office Revolving Fund

The House (of Representatives) Gymnasium Revolving Fund was established by 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 these funds 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 these funds 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 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 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. 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 (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.

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

SFFAS No. 27, Identifying and Reporting Funds from Dedicated Collections, as amended by SFFAS No. 43, Funds from Dedicated Collections: Amending SFFAS No. 27, defines funds from dedicated collections as those financed by specifically identified revenues, provided to the government by nonfederal sources. These funds, which may be supplemented by other financing sources, 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

Appropriations
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 emergency supplemental appropriations, if applicable.

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

APPROPRIATION TITLE	ACTIVE FUNDS	INACTIVE FUNDS
Capitol Building	Capitol Building	Alterations and Improvements to Provide Facilities for the Physically Handicapped
	Flag Office Revolving Fund	
Capitol Grounds and Arboretum	Capitol Grounds and Arboretum Capitol Trust Account (Union Square)	West Central Front
Capitol Police Buildings, Grounds and Security	Capitol Police Buildings, Grounds and Security	
Capital Construction and Operations	Capital Construction and Operations Recyclable Materials Revolving Fund	Congressional Cemetery
House Office Buildings	House Office Buildings	
	House Office Buildings Fund	
	House (of Representatives) Gymnasium Revolving Fund	
	House Historic Buildings Revitalization Trust Fund	
Library Buildings and Grounds	Library Buildings and Grounds	
Senate Office Buildings	Senate Office Buildings	
	Senate Health and Fitness Facility Revolving Fund	
	Senate Restaurant Revolving Fund	
Capitol Power Plant	Capitol Power Plant	
U.S. Botanic Garden	Botanic Garden	National Garden
U.S. Capitol Visitor Center	U.S. Capitol Visitor Center U.S. Capitol Visitor Center Revolving Fund	
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 the AOC 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).

Imputed Financing (and related Imputed Costs)

See: **Notes 1.P.** and **16**

Consistent with SFFAS No. 4, Managerial Cost Accounting Standards and Concepts, 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 Statement of Net Cost (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 employee benefits, legal case settlement payments (if applicable) and projects performed by another federal agency on AOC's behalf.

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 or with offsetting collections. Therefore, the related usage of those materials and supplies is intended for those specific jurisdictions making the purchases.

J. Inventory

See: Note 7

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. The recorded values may be adjusted based on the results of periodic physical inventory counts. Inventory may be categorized as follows: Purchased for Resale or Excess, Obsolete, and Unserviceable. 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.

K. Public-Private Partnerships

In FY 2016, the AOC entered 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 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: Disclosure Requirements and determined that cogeneration does not meet the conclusive and suggestive characteristics of a Public-Private Partnership (P3).

See: Note 15

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. Leases

See: Note 14

Pursuant to SFFAS No. 54, Leases, and related amendments (60, Omnibus Amendments 2021: Leases-Related Topics, 61, Omnibus Amendments 2023: Leases-Related Topics II, and 62, Transitional Amendment to SFFAS 54), the AOC reports a Right-To-Use (RTU) lease asset (hereinafter referred to as lease asset) and a corresponding lease liability on the Balance Sheet. This applies to material, non-intragovernmental and non-short-term contracts that convey the right to control the use of PP&E to another entity for a given period in exchange for consideration and do not contain a transfer of ownership or meet certain scope exclusions. SFFAS No. 54 also requires the AOC to disclose in the Notes descriptive information regarding intragovernmental lease arrangements and associated annual expenses.

M. General and Right-To-Use (RTU) Property, Plant and Equipment (PP&E), Net

See: Note 8

The AOC records property at cost, in accordance with SFFAS No. 6, Accounting for Property, Plant, and Equipment. Real property, equipment, and internal use software are depreciated over their estimated useful lives, which range from three to forty 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 14

Additionally, the AOC records RTU lease assets and liability at net present value (NPV) of payments expected to be made during the lease term in accordance with SFFAS No. 54. RTU lease assets are amortized over the lease term using the straight-line method.

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 (Land and Buildings)	20	$500,000
Other Structures	20	$500,000
Construction Work-in-Progress	N/A	$500,000
Equipment and Vehicles	5-15	$25,000
Right-To-Use Lease Assets; Leasehold Improvements	Shorter of Lease Term or Useful Life of Property Type	See Related Property Type
Internal Use Software (Intellectual Property)	3	$5,000,000

N. Stewardship Property, Plant and Equipment

See: Note 9

SFFAS No. 59, Accounting and Reporting of Government Land, defines stewardship land to include government-owned land and land rights that are public domain or acquired and intended to be held indefinitely. Stewardship land and heritage assets have physical properties that resemble those of 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. The appropriate level of aggregation and physical units of measure are determined to be meaningful for each major category, per SFFAS No. 29, Heritage Assets and Stewardship Land. There are two types of heritage assets: collection, which are objects gathered and maintained for exhibition, such as museum and art collections; and non-collection, which are parks, memorials, monuments and buildings. The AOC holds both collection and non-collection heritage stewardship assets.

The AOC's Living Botanical Assets collection is aggregated by taxa. A taxon (plural taxa) is a taxonomic division that accounts for unique and discrete plant diversity (e.g., species, sub-species or cultivar).

O. Liabilities

Liabilities represent the amounts owed to others for goods or services received, claims against the AOC and other probable future outflows of resources as a result of past transactions or current conditions (e.g., 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
The AOC records accounts payable in accordance with SFFAS No.1. Accounts Payable are amounts

owed to others (federal and non-federal entities) for goods and services received but not yet paid. The AOC also accrues an estimate for goods and services that have been delivered or performed but not paid. This estimate is based on the history of payments made against outstanding contracts. As of the current reporting period, the accrual estimate is primarily associated with services performed on ongoing construction projects.

Advances from Others and Deferred Revenue

See: Note 10

Advances from Others and Deferred Revenue consists of amounts advanced to the AOC by other federal trading partners for services or projects to be provided under interagency or reimbursable agreements. These amounts are liquidated as services are rendered or work is completed on associated projects.

Contract Holdbacks

See: Note 13

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.

Commitments, Contingencies, Environmental and Disposal Liabilities

See: Notes 12 and 15

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 with uncertain outcomes that could result in a gain or loss to an entity, depending on whether certain future events occur or do not occur. Management recognizes a contingent liability for liabilities equal to or greater than $100,000 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. 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. Consistent with OMB Circular A-136, AOC's commitments reflect binding agreements that may result in the future expenditure of financial resources. Commitments and Contingencies are disclosed in Note 15 but may not be wholly or fully reflected on the Balance Sheet, as applicable. 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, Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government.

P. 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 Salary, Leave and 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

See: Note 11

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). The DOL determines the actuarial liability for claims outstanding at the end of each fiscal year. This actuarial unfunded workers' compensation liability includes the estimated future costs of death benefits, workers' compensation, medical and miscellaneous costs for approved compensation cases for current and former AOC employees (Post-Employment Benefits Payable).

Pensions

Most AOC employees 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.

See: Note 16

The AOC is not responsible for and does not report CSRS or FERS assets, accumulated plan benefits or liabilities applicable to its employees on its financial statements. The OPM is responsible for reporting 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.

Health Benefits and Life Insurance

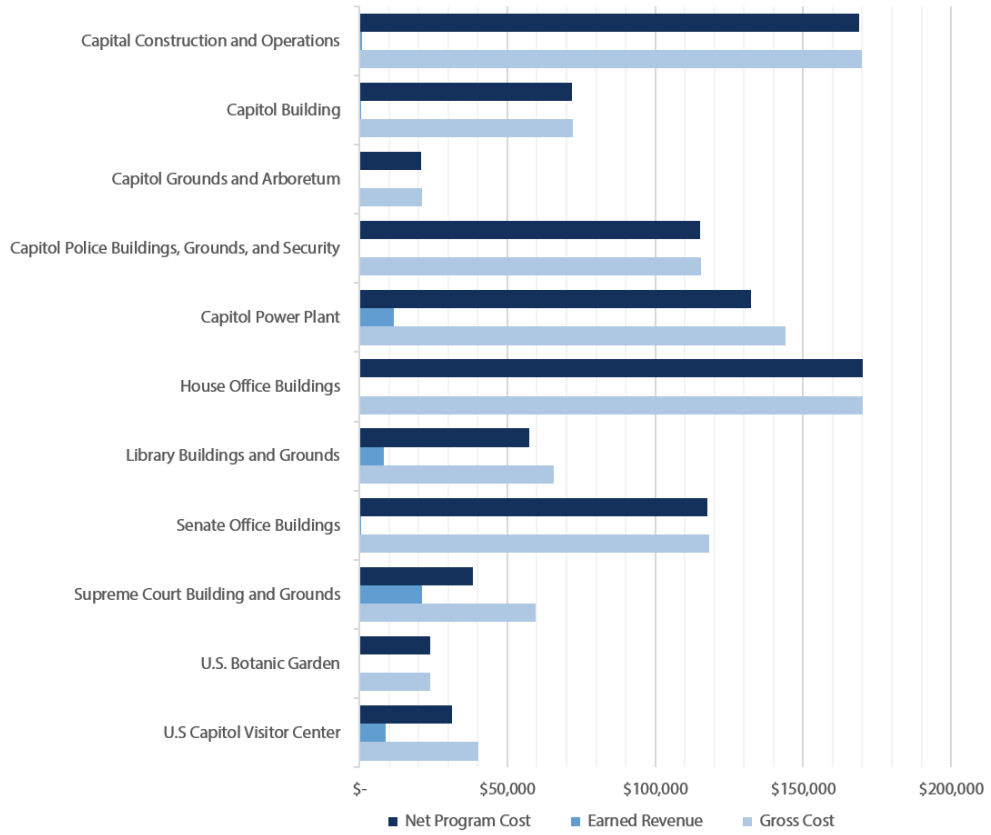
See: Note 16

The AOC records a current-period expense to recognize the future costs of post-retirement health and life insurance benefits earned by employees during active service. This amount is treated as imputed financing.

Q. Statement of Net Cost

The SNC is presented by responsibility segment (AOC jurisdictions), in accordance with SFFAS No. 4. The responsibility segment approach provides cost information to AOC stakeholders in a direct, informative, and succinct manner.

Current year operations of the 11 responsibility segments reported on the SNC are identified below (dollars in thousands):



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

R. Budgetary 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 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.

S. 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.

T. 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

Congress grants the AOC authority to use entity assets in carrying out its authorized operations. Assets that are not available for the AOC's operational use are classified as non-entity. The AOC's reimbursable activities may generate non-entity accounts receivable and collections that are required to be deposited into the U.S. Treasury's Miscellaneous Receipts account. As of the reporting date, all non-entity collections have been remitted to the U.S. Treasury. Thus, the AOC's non-entity assets consist solely of accounts receivable, arising from the following sources, as applicable:

- Steam and chilled water reimbursements over the annual congressional cap
- The Monocle Restaurant rent collections
- USBG palm tree rental proceeds
- Employee receivables and corresponding repayments remitted to canceled appropriations

Non-entity assets as of September 30, 2026, and 2025, are as follows:

Dollars in Thousands				
NON-ENTITY ASSETS		**2026**		**2025**
Intragovernmental Assets				
Accounts Receivable, Net (Note 6)	$	633	$	593
Total Intragovernmental Assets	**$**	**633**	**$**	**593**
Other than Intragovernmental				
Accounts Receivable, Net (Note 6)	$	557	$	262
Total Other than Intragovernmental Assets	**$**	**557**	**$**	**262**
Total Non-Entity Assets	**$**	**1,190**	**$**	**855**
Total Entity Assets	**$**	**4,622,307**	**$**	**4,864,990**
Total Assets	**$**	**4,623,497**	**$**	**4,865,845**



Note 3:
Fund Balance with Treasury

The AOC's FBWT shows budget authority derived from appropriations, transfers, and spending authority from offsetting collections. FBWT, as classified below, represents budgetary resources available to finance the AOC's authorized operations. Unused FBWT is carried forward for future obligations and operational needs.

a) Unobligated Balance
Unobligated FBWT includes unexpired budget authority that is available to pay off future obligations, as well as expired budget authority that is, without Congressional authorization, no longer available to incur new obligations. For example, under 2 U.S.C. § 1871 and 1872, Congress has authorized AOC to pay FECA and Unemployment claims from available balances of expired appropriations.

b) Obligated Balance Not Yet Disbursed
Obligated Balance Not Yet Disbursed is the amount of FBWT available to pay binding obligations of undelivered orders (e.g., future performance on contracts) or amounts payable on orders that have been received but not yet paid for. The largest portion of this category is attributable to obligations for ongoing construction and facility improvement projects.

c) Non-Budgetary FBWT
Non-Budgetary FBWT (if applicable) includes unavailable miscellaneous receipts (i.e., non-entity collections and suspense accounts) that have no associated budget authority.

The FBWT as of September 30, 2026, and 2025, is as follows:

Dollars in Thousands				
STATUS OF FUND BALANCE WITH TREASURY		**2026**		**2025**
Unobligated Balance	$	809,748	$	883,219
Obligated Balance not yet Disbursed		585,156		633,264
Total Fund Balance with Treasury	**$**	**1,394,904**	**$**	**1,516,483**

Note 4:
Cash and Other Monetary Assets

Cash and Other Monetary Assets include CVC's cash on hand (i.e. change-making imprest funds) and undeposited sales. These amounts are derived from the operations of the CVC's e-Commerce store and two Gift Shops, which operate Monday through Saturday, except for select major holidays.

Due to the Gift Shops' operating hours, undeposited sales are stored securely until they can be transported to an approved Treasury general account (TGA) for deposit. Imprest funds are held outside of Treasury in an approved non-TGA. There are no restrictions on cash.

The cash balances as of September 30, 2026, and 2025, are as follows:

Dollars in Thousands				
CASH AND OTHER MONETARY ASSETS		**2026**		**2025**
Undeposited Collections	$	26	$	27
Cash Imprest Funds		14		14
Total	**$**	**40**	**$**	**41**

Note 5:
Investments, Net

Intragovernmental investments are derived from CVC Gift Shop proceeds and restaurant commissions invested by Treasury's Bureau of the Fiscal Service. Invested balances are carried forward from prior years and may increase from the reinvestment of Treasury securities during the current year. With the approval of the appropriate Congressional oversight committees, the CVC may liquidate a portion of these investments to fund operational expenses.

The mix of investment certificates, including one-day, six-month and one-year securities, may vary from year to year depending on the CVC's operational needs at the time when maturing securities are reinvested. The AOC holds no investments outside the U.S. Treasury and, therefore, has no public investments.

The investment portfolios as of September 30, 2026, and 2025, are as follows:

At September 30, 2026, Dollars in Thousands

INTRAGOVERNMENTAL INVESTMENTS	SHARES/ PAR	AMORTIZED PREM./ (NET OF DISC.)	INVESTMENT, NET	UNREALIZED GAIN/(LOSS)	MARKET VALUE
Capitol Visitor Center, 12 Months Certificate, 4.50% Annual Yield, Maturing 09/02/2027	$ 12,508	$ (506)	$ 12,002	$ 9	$ 12,011
Capitol Visitor Center, 6 Months Certificate, 4.34% Annual Yield, Maturing 03/25/2027	7,353	(153)	7,200	4	7,204
Total Intragovernmental Investments	**$ 19,861**	**$ (659)**	**$ 19,202**	**$ 13**	**$ 19,215**

At September 30, 2025, Dollars in Thousands

INTRAGOVERNMENTAL INVESTMENTS	SHARES/ PAR	AMORTIZED PREM./ (NET OF DISC.)	INVESTMENT, NET	UNREALIZED GAIN/(LOSS)	MARKET VALUE
Capitol Visitor Center, 12 Months Certificate, 3.64% Annual Yield, Maturing 09/03/2026	$ 10,777	$ (355)	$ 10,422	$ 3	$ 10,425
Capitol Visitor Center, 6 Months Certificate, 3.7% Annual Yield, Maturing 03/19/2026	7,340	(126)	7,214	(3)	7,211
Capitol Visitor Center, One Day, 4.13% Annual Yield, Maturing 10/01/2025	1,939	-	1,939	-	1,939
Total Intragovernmental Investments	**$ 20,056**	**$ (481)**	**$ 19,575**	**$ -**	**$ 19,575**



Note 6:
Accounts Receivable, Net

The AOC's accounts receivable arises from unpaid billing for reimbursable operations and services provided to other federal agencies (intragovernmental) and nonfederal entities (other than intragovernmental). Significant receivables include Capitol Flag Program reimbursements from the U.S. House of Representatives and the U.S. Senate, as well as billings for steam and chilled water services provided by the Capitol Power Plant. Based on historical collection and write-off experience, management considers all receivables fully collectible; therefore, no allowance for doubtful accounts has been recorded as of the current reporting period.

See Note 2, Non-Entity Assets for the explanation of Non-Entity Accounts Receivables.

The Accounts Receivable balance as of September 30, 2026, and 2025, are as follows:

Dollars in Thousands				
ACCOUNTS RECEIVABLE		**2026**		**2025**
Intragovernmental				
Entity	$	85	$	356
Non-Entity		633		593
Total Intragovernmental	**$**	**718**	**$**	**949**
Other than Intragovernmental				
Entity	$	336	$	397
Non-Entity		557		262
Total Other than Intragovernmental	**$**	**893**	**$**	**659**
Total	**$**	**1,611**	**$**	**1,608**



Note 7:
Inventory and Related Property, Net

Inventory consists of retail merchandise that is purchased for resale in the CVC Gift Shops. CVC maintains inventory on hand to meet the needs of its visitors. In compliance with Congressional mandates, all CVC Gift Shop merchandise is made in the USA. Inventory purchases are seasonal and may thus fluctuate with preparations for peak operations and special events.

Inventory, as of September 30, 2026, and 2025, is as follows:

Dollars in Thousands				
INVENTORY CATEGORY		**2026**		**2025**
Inventory Purchased for Resale	$	1,634	$	1,304
Total	**$**	**1,634**	**$**	**1,304**

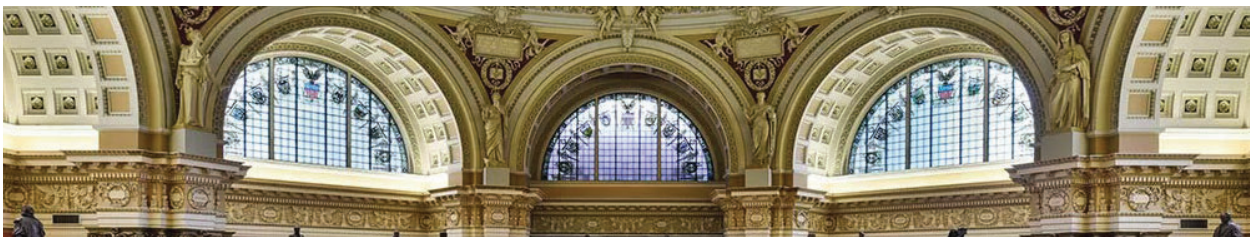
Inventory on hand may include damaged or obsolete merchandise, including broken, stained, or display items that are no longer in saleable condition. Discontinued, defective, or otherwise restricted merchandise may also be classified as damaged inventory until disposed of in accordance with established operating procedures. Based on management's review and the most recent physical inventory count, all damaged inventory had been disposed of as of September 30, 2026, and 2025. Therefore, no allowance for damaged or restricted inventory was reported.

Note 8:
General and Right-To-Use (RTU) Property, Plant and Equipment (PP&E), NET

The AOC's PP&E consists of the buildings, facilities, and equipment under its purview. The educational, artistic, architectural and historical significance of many AOC buildings meet the SFFAS No. 29 criteria for heritage assets. Since these buildings are currently used for day-to-day business, they are further classified as multi-use heritage assets. As a result, they are depreciated in the same manner as if they were general purpose assets.

Although the original building assets are fully depreciated, subsequent structural, architectural, and other improvements to the buildings are currently being depreciated in accordance with established policy.

PP&E also includes Construction Work-in-Progress (CWIP), which represents accumulated costs of capital improvement projects that are not yet placed in service. Upon substantial completion of projects or phases, costs are reclassified to the appropriate capital asset category (e.g., Building Improvements). The capitalized PP&E per the AOC's established capitalization criteria are reflected in the chart below.



The PP&E values, by asset category, as of September 30, 2026, and 2025:

At September 30, 2026, Dollars in Thousands

ASSET CATEGORY	ACQUISITION VALUE	ACCUMULATED DEPRECIATION	NET BOOK VALUE	%
Buildings	$ 1,481,792	$ 988,783	$ 493,009	16.9%
Building Improvements	3,690,359	1,908,877	1,781,482	61.1%
Right-To-Use Lease Assets (Note 14)	130,470	38,277	92,193	3.2%
Leasehold Improvements	32,944	21,989	10,955	0.4%
Equipment	48,817	22,721	26,096	0.9%
Internal Use Software	6,515	6,515	-	0.0%
Land Improvements	171,281	147,190	24,091	0.8%
Other Structures	9,288	7,116	2,172	0.1%
Construction Work-in-Progress	483,171	-	483,171	16.6%
Total	**$ 6,054,637**	**$ 3,141,468**	**$ 2,913,169**	**100%**

At September 30, 2025, Dollars in Thousands

ASSET CATEGORY	ACQUISITION VALUE	ACCUMULATED DEPRECIATION	NET BOOK VALUE	%
Buildings	$ 1,481,792	$ 964,082	$ 517,710	17.2%
Building Improvements	3,276,024	1,770,138	1,505,886	50.2%
Right-To-Use Lease Assets (Note 14)	117,590	24,690	92,900	3.1%
Leasehold Improvements	31,194	20,391	10,803	0.4%
Equipment	47,228	18,661	28,567	1.0%
Internal Use Software	6,515	6,515	-	0.0%
Land	169,231	-	169,231	5.6%
Land Improvements	162,342	143,144	19,198	0.6%
Other Structures	9,288	6,857	2,431	0.1%
Construction Work-in-Progress	652,678	-	652,678	21.8%
Total	**$ 5,953,882**	**$ 2,954,478**	**$ 2,999,404**	**100%**

See: Note 9

The FASAB has determined, per SFFAS 59, that the vast holdings and uses of federal land cannot adequately be conveyed to the public through monetary measurements. Therefore, while title and custody remain with AOC, the agency has removed all federal land holdings and permanent land rights (i.e., $169.2 million carrying value) from the balance sheet. These assets are instead disclosed in the note disclosure and described in terms of estimated acreage and predominant use categories.



The General and RTU PP&E activity as of September 30, 2026, and 2025, is as follows:

Dollars in Thousands CURRENT YEAR ACTIVITY NET GENERAL AND RTU PP&E		2026		2025
Balance at Beginning of Fiscal Year	$	2,999,404	$	2,899,411
Effects of Implementation of SFFAS 59 (FY26 Only)		(169,231)		-
Balance Beginning of Year, Adjusted		2,830,173		2,899,411
Capitalized Acquisitions		257,614		256,708
Right-To-Use Lease Assets Acquired		12,880		20,239
Amortization of Right-To-Use Lease Assets (Note 14)		(13,586)		(12,873)
Disposals		(508)		(697)
*Depreciation Expense		(173,404)		(163,384)
Balance at End of Fiscal Year	**$**	**2,913,169**	**$**	**2,999,404**

**Depreciation Expense represents the current year change in accumulated depreciation*

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. Information concerning deferred maintenance and repairs and estimated land acreage is discussed in unaudited required supplementary information.

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 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 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 Property, Plant and Equipment, Net on the Balance Sheet. Historic

buildings and structures are added or withdrawn through congressional action.

General PP&E Land, Stewardship Land, and Cultural Landscapes

The AOC-administered general PP&E land, stewardship land, and cultural landscapes, which is integral to AOC's mission of preservation as stewards of the Capitol campus, encompasses more than 570 acres of grounds of national and historical significance. This includes Capitol Square, the approximately 286 acres of grounds immediately surrounding the U.S. Capitol designed by American landscape architect Frederick Law Olmsted. In accordance with the AOC's authorizing legislation, the land is held predominantly for conservation and preservation purposes.

Under SFFAS 59, temporary land rights such as interests or privileges in land owned by others, easements, or rights-of-way that last for a specified period, or a limited duration will continue to be recorded as assets on the balance sheet. As of September 30, 2026, the AOC does not have any temporary land rights.

Total General PP&E Land, Stewardship Land, and Cultural Landscapes by Predominant Use (Acres) from October 1, 2025, to September 30, 2026, as follows:

PREDOMINANT USE	Commercial Use	Conservation and Preservation	Operational	Total Estimated Acreage
Stewardship Land				
Start of Prior Year	-	466	107	573
End of Prior Year/Start of Current Year	-	466	107	573
End of Current Year	-	466	107	573

The AOC's stewardship land includes the U.S. Capitol Grounds, the Summerhouse, and the surrounding 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. Memorial trees are planted on the U.S. Capitol Grounds to honor distinguished citizens, groups and national events, which are added through congressional action or donation and withdrawn due to the tree dying or disease.

An inventory of the memorial trees from October 1, 2025, to September 30, 2026, follows:

DESCRIPTION	BEGINNING BALANCE	ADDED	WITHDRAWN	OTHER ADJUSTMENTS	ENDING BALANCE	CONDITION
Memorial Trees	160	-	(4)	-	156	Good

An inventory of the memorial trees from October 1, 2024, to September 30, 2025, follows:

DESCRIPTION	BEGINNING BALANCE	ADDED	WITHDRAWN	OTHER ADJUSTMENTS	ENDING BALANCE	CONDITION
Memorial Trees	158	5	(3)	-	160	Good

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, East and West House Underground Garages, U.S. Botanic Garden Bartholdi Fountain and Gardens, USBG Administration Building site, Union Square, Jefferson Building site, Adams Building site, Madison Building site, Supreme Court of the United States site and Thurgood Marshall Building site. The AOC also supports a campus in Culpeper, Virginia, for audiovisual conservation, and another in Fort Meade, Maryland, for the Library of Congress book storage modules.

The AOC does not hold land for disposal or exchange. In general, units of stewardship land are added or withdrawn through congressional action.

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.

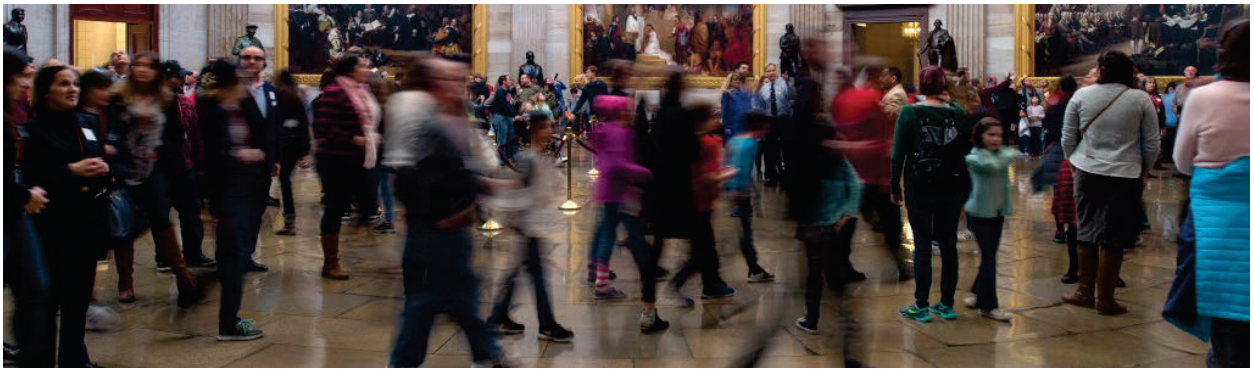
Architectural Features: The Capitol campus is graced with many unique architectural features. These include outdoor sculptures, monuments and landscape features and fixtures.

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 inventory of the collectible heritage assets from October 1, 2025, to September 30, 2026, follows:

DESCRIPTION	BEGINNING BALANCE	ADDED	WITHDRAWN	OTHER ADJUSTMENTS	ENDING BALANCE	CONDITION
Artwork	2,020	141	(1)	-	2,160	Poor to Excellent
Architectural Features	203	-	-	-	203	Fair to Excellent
Reference and Library Materials:						
Art and Reference Files (Drawers)	108	-	-	-	108	Good
Art and Reference Library Materials (Volumes)	1,262	3	-	-	1,265	Good
Traditional Archival Records	638,912	17,852	-	-	656,764	Fair to Excellent
Electronic Archival Records (Megabytes [MB])	21,974.80	33,929	-	-	55,903.80	N/A
Living Botanical Assets (Taxa)	6,007	302	(356)	-	5,953	N/A



An inventory of the collectible heritage assets from October 1, 2024, to September 30, 2025, follows:

DESCRIPTION	BEGINNING BALANCE	ADDED	WITHDRAWN	OTHER ADJUSTMENTS	ENDING BALANCE	CONDITION
Artwork	2,019	2	(1)	-	2,020	Poor to Excellent
Architectural Features	203	-	-	-	203	Fair to Excellent
Reference and Library Materials:						
Art and Reference Files (Drawers)	108	-	-	-	108	Good
Art and Reference Library Materials (Volumes)	1,251	11	-	-	1,262	Good
Traditional Archival Records	615,815	23,097	-	-	638,912	Fair to Excellent
Electronic Archival Records (Megabytes [MB])	20,721.70	1,253.10	-	-	21,974.80	N/A
Living Botanical Assets (Taxa)	6,049	237	(279)	-	6,007	N/A

Note 10:
Advances, Prepayments, and Deferred Revenue

Advances, Prepayments, and Deferred Revenue consist of unliquidated advance balances under interagency or other agreements. These balances may be reported as either assets (advances and prepayments to others) or liabilities (advances from others and deferred revenue).

As of the reporting period, AOC's Advances and Prepayments, Intragovernmental, primarily relates to reimbursable advance payments for the Capitol Complex security improvement project. AOC's Advances and Prepayments – Other than Intragovernmental consist solely of employee travel advances.

Advances and Prepayments as of September 30, 2026, and 2025, are as follows:

Dollars in Thousands				
ASSETS		**2026**		**2025**
Intragovernmental Assets				
Advances and Prepayments	$	292,936	$	327,428
Total Intragovernmental Assets	**$**	**292,936**	**$**	**327,428**
Other than Intragovernmental Assets				
Advances and Prepayments	$	1	$	2
Total Other than Intragovernmental Assets	**$**	**1**	**$**	**2**
Total	**$**	**292,937**	**$**	**327,430**

Advances from Others are derived from reimbursable collections for construction projects performed on behalf of other federal agencies such as the Library of Congress and the Administrative Office of the US Courts. If applicable, deferred revenue represents advance collections for services not yet delivered.

Advances from Others as of September 30, 2026, and 2025, are as follows:

Dollars in Thousands				
LIABILITIES		**2026**		**2025**
Intragovernmental Liabilities				
Advances from Others and Deferred Revenue	$	31,372	$	30,328
Total Intragovernmental Liabilities	**$**	**31,372**	**$**	**30,328**

Note 11:
Liabilities Not Covered by Budgetary Resources

The Balance Sheet classifies liabilities based on whether they will be liquidated with current or future budgetary resources. It also identifies a limited number of liabilities that do not require budgetary resources to discharge, such as undeposited CVC Gift Shops sales (if applicable) and miscellaneous receipts remitted to Treasury.

Liabilities covered by current budgetary resources were funded by prior Congressional action. This differs from liabilities that require future Congressional action, which are therefore not covered by available budgetary resources. Such liabilities are as follows:

The intragovernmental Unfunded FECA Liability represents the unbilled accrued FECA liability. DOL determines the amount due based on FECA claim activity and related costs. This liability is not funded by current appropriations, but will be funded pursuant to 2 U.S.C. § 1871 when AOC is billed by DOL.

Federal Employee Salary, Leave, and Benefits Payable includes accrued annual leave earned but not yet used. This liability is classified as unfunded because it will be financed by future appropriations when the leave is taken. The liability may fluctuate with changes in full-time equivalents (FTEs) employees, statutory pay scales, and tenure milestones.

Post-Employment Benefits Payable represents the actuarially estimated workers' compensation liability calculated using DOL's FECA model. Annual changes in the liability reflect updates to the DOL's actuarial assumptions, cost factors, and projected future claim costs.

Environmental and Disposal Liabilities represent probable and reasonably estimable future costs for asbestos removal and abatement in AOC's facilities. Actual future asbestos removal and abatement costs will be financed by available appropriations when incurred.

Per SFFAS No. 54 recognition criteria, the Unfunded Lessee Lease Liability represents the present value of future lease payments under the probable terms of AOC's qualifying long-term leases.

Contingent liabilities, when present, represent estimated obligations arising from pending claims, litigation (e.g., Office of Congressional Workplace Rights (OCWR) cases) and other matters for which a future payment is probable and reasonably estimable.

Other Liabilities Without Related Budgetary Obligations include the financed portion of the cogeneration facility. While this amount is currently not covered by budgetary resources, the annual principal and interest payment to liquidate the liability will be made from future annual appropriations to the Capitol Power Plant. These payments are expected to occur each year until the debt is paid off in 2037. Any accrued interest for the recurring annual cogeneration payment is shown as Interest Payable, if applicable.

Liabilities not Covered by Budgetary Resources as of September 30, 2026, and 2025, are as follows:

Dollars in Thousands LIABILITIES NOT COVERED BY BUDGETARY RESOURCES		2026		2025
Intragovernmental Liabilities				
Unfunded FECA Liability (Note 13)	$	6,645	$	6,847
Total Intragovernmental Liabilities	**$**	**6,645**	**$**	**6,847**
Other than Intragovernmental Liabilities				
Federal Employee, Salary, Leave and Benefits Payable	$	19,268	$	18,798
Post-Employment Benefits Payable		34,185		37,354
Environmental and Disposal Liabilities (Notes 12 and 15)		233,462		231,427
Other Liabilities (Note 13)				
Unfunded Lessee Lease Liability		100,317		99,150
Contingent Liabilities (Notes 13 and 15)		-		890
Other Liabilities Without Related Budgetary Obligations		38,574		40,708
Interest Payable		530		560
Total Other than Intragovernmental Liabilities	**$**	**426,336**	**$**	**428,887**
Total Liabilities Not Covered by Budgetary Resources	**$**	**432,981**	**$**	**435,734**
Total Liabilities Covered by Budgetary Resources	**$**	**161,659**	**$**	**153,496**
Total Liabilities Not Requiring Budgetary Resources	**$**	**1,216**	**$**	**882**
Total Liabilities	**$**	**595,856**	**$**	**590,112**

Note 12:
Environmental and Disposal Liabilities

Environmental Cleanup Cost Liabilities Related to Asbestos Cleanup

The AOC is responsible for managing and abating asbestos-containing materials (ACM) found in all federally owned buildings under its purview. Pursuant to 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 calculate a total estimated liability. The industry-standard cost indexes consider economic conditions, regulatory requirements, and hazardous materials management costs.

The cleanup cost estimate is updated annually to reflect changes in both the cost indexes and ACM quantities.

Actual cleanup costs may differ from the recorded estimate due to additional cost factors that are not reasonably estimable at this time. For example, AOC projects may involve unique challenges due to the unique working conditions on Capitol Hill. Additionally, the required containment for asbestos abatement (such as specific rooms or areas) cannot be reasonably estimated. 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's reported estimated liability reflects the direct cost without containment as containment requirements differ from project to project.

See: Notes 11 and 15

The AOC's accrued estimated liabilities for environmental cleanup costs, as of September 30, 2026, and 2025, are $233 million and $231 million, respectively.

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 remediation efforts to address this contamination.

Note 13:
Other Liabilities

See: Notes 2, 4, 11, and 14

The Balance Sheet aggregates liabilities that are not separately presented as Other Liabilities. Although aggregated on the Balance Sheet, most Other Liabilities are further described in accompanying notes. Others such as Contract Holdbacks do not merit separate note disclosures. Contract Holdbacks represent amounts retained from vendor payments until contractual requirements are satisfactorily fulfilled.

Other Liabilities, as of September 30, 2026, and 2025, are as follows:

Dollars in Thousands

OTHER LIABILITIES		2026		2025
Intragovernmental Other Liabilities				
Liability for Non-Fiduciary Deposit Funds and Undeposited Collections (Note 4)	$	26	$	27
Liability for Non-Entity Assets Not Reported on the Statement of Custodial Activity (Note 2)		1,190		855
Unfunded FECA Liability (Note 11)		6,645		6,847
Total Intragovernmental Other Liabilities	**$**	**7,861**	**$**	**7,729**
Other than Intragovernmental Other Liabilities				
Contract Holdbacks	$	31,109	$	23,117
Contingent Liabilities (Current, Not Covered) (Note 15)		-		890
Lessee Lease Liability (Current, Not Covered) (Note 14)		12,558		11,667
Lessee Lease Liability (Note 14)		87,789		87,483
Other Liabilities Without Related Budgetary Obligations (Note 11)		36,256		38,574
Other Liabilities Without Related Budgetary Obligations (Current – Not Covered)		2,318		2,134
Interest Payable		530		560
Total Other than Intragovernmental Other Liabilities	**$**	**170,560**	**$**	**164,425**
Total Other Liabilities	**$**	**178,421**	**$**	**172,154**

Note 14:
Leases

Pursuant to SFFAS No. 54 and related amendments, the AOC is required to report a RTU lease asset and a corresponding liability for contracts that convey the temporary right to control the use of another entity's PP&E in exchange for consideration (but do not contain a transfer of ownership or meet certain scope exclusions). This applies to items that are material, not intragovernmental and not short-term leases lasting less than two years. As of September 30, 2026, the AOC has 16 qualifying leasing arrangements covering administrative office space, storage facilities, and antennas with lease terms ranging from approximately 2 to 20 years. Many of these leases contain renewal options with escalation clauses tied to inflation and tax increases. The AOC is also required to disclose information on significant intragovernmental lease arrangements. The AOC leases multiple vehicles and trucks from GSA and has four material real property lease arrangements with GSA and GPO, primarily for administrative office space and storage facilities. All intragovernmental leases have terms between several months and 8 years. Management determined that the AOC does not have any lessor arrangements that are material or otherwise subject to disclosure under SFFAS No. 54.

Right-To-Use Lease Asset and Liability
RTU leases have either remaining lease terms (for existing leases at the transition to SFFAS No. 54) or initial lease terms (for subsequent new leases) that exceed two years. The lease terms also include probable renewal options. The lease assets and liability are valued at the NPV of the payments including remeasurement, as applicable, to be made over the terms of the AOC's lease contracts. These leases expire on various dates between FY 2029 and FY 2046. RTU leases are amortized over the term of the lease, including probable renewal periods. The interest rates used range in percentages from 4.18 percent to 5.6 percent and reflect applicable Treasury interest rates based on marketable Treasury securities with a similar maturity to each applicable lease term. The AOC has no sublease, sale-leaseback or lease-leaseback transactions to disclose as of the current reporting period. While the RTU lease assets and related lease liability are initially recorded at the same amount, the reported lease asset and liability in each reporting period may differ due to asset amortization over the lease term, which differs from the interest payment rate on the lease liability.

The balances of the RTU lease assets as of September 30, 2026, and 2025, are as follows:

Dollars in Thousands

SUMMARY OF RIGHT-TO-USE LEASE ASSETS		2026		2025
Right-To-Use Lease Assets (Note 8)	$	130,470	$	117,590
Accumulated Amortization (Note 8)		(38,277)		(24,690)
Total Right-To-Use Lease Assets	**$**	**92,193**	**$**	**92,900**

The remaining principal and interest payments under RTU lease liabilities as of September 30, 2026, and 2025, are as follows:

As of September 30, 2026, Dollars in Thousands

FISCAL YEAR		PRINCIPAL		INTEREST		TOTAL
2026	$	29	$	-	$	29
2027		12,558		4,552		17,110
2028		13,450		4,022		17,472
2029		9,081		3,429		12,510
2030		5,662		3,120		8,782
2031		5,220		2,853		8,073
2032-36		21,735		11,061		32,796
2037-41		16,865		6,190		23,055
2042-46		15,747		1,794		17,541
Total	**$**	**100,347**	**$**	**37,021**	**$**	**137,368**

As of September 30, 2025, Dollars in Thousands

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL
2026	$ 11,667	$ 4,546	$ 16,213
2027	12,355	3,975	16,330
2028	12,520	3,387	15,907
2029	8,195	2,835	11,030
2030	4,744	2,566	7,310
2031	4,225	2,341	6,566
2032-36	19,527	8,947	28,474
2037-41	14,288	4,647	18,935
2042-45	11,629	1,174	12,803
Total	**$ 99,150**	**$ 34,418**	**$ 133,568**

For any RTU lease asset and its related lease liability, the RTU lease expenses include the total lease asset amortization and total lease liability interest expense that are recognized in the current period.

The RTU lease expenses for the periods ended September 30, 2026, and 2025, are as follows:

Dollars in Thousands

RIGHT-TO-USE LEASE EXPENSES	2026	2025
Amortization (Note 8)	$ 13,586	$ 12,873
Interest	4,726	4,355
Total	**$ 18,312**	**$ 17,228**

Variable RTU lease payments that are not included in the lease liability primarily consist of non-lease components, such as real estate taxes, operating costs, and security charges. Variable RTU lease expense recognized during FY 2026 totaled approximately $776,000.

Intragovernmental Leases

The real property lease agreements held with GSA and GPO are renewable annually, based on AOC's operational needs. Additionally, the AOC leases a variety of passenger vehicles and trucks via GSA Fleet services. These leases expire on various dates through FY 2034. The lease expenses shown in the following chart reflect annual lease payments.

The Intragovernmental lease expenses for the periods ended September 30, 2026, and 2025, are as follows:

Dollars in Thousands

LEASE CATEGORY	2026	2025
Office and Storage Space	$ 3,988	$ 6,524
Fleet	235	230
Total	**$ 4,223**	**$ 6,754**



Variable intragovernmental lease payments not reflected in the fixed lease cost include non-lease components such as security costs. The FY 2026 variable intragovernmental lease payments are approximately $60,000.

Embedded Leases
Embedded leases represent lease components that are contained in contracts or agreements that are primarily for non-lease purposes, such as a service contract. SFFAS No. 62, Transitional Amendment to SFFAS 54, allows these to be treated as non-lease contracts or agreements for the remaining term unless they are subsequently modified after the accommodation period ends on September 30, 2026. AOC has elected the SFFAS No. 62 transitional accommodation for embedded leases.



Note 15:
Commitments and Contingencies

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

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.

To estimate 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. Liabilities are recognized for those claims where the estimated amount of potential loss is $100,000 or more, and where the likelihood of an unfavorable outcome is probable.

Additionally, management and the AOC 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 where the estimated amount of the potential loss is $100,000 or more. 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 below. 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.

Some claims against the AOC are paid from the Judgment Fund maintained by the U.S. Department of Treasury under 31 U.S.C. § 1304. The Judgment fund is a permanent indefinite appropriation that is available to pay monetary awards against federal agencies that are not otherwise funded. Other claims are disbursed from the Office of Congressional Workplace Rights' Settlement and Awards fund pursuant to Section 415 of the *Congressional Accountability Act (CAA) of 1995* (31 U.S.C. § 1304).

The accrued estimated liabilities for contingent and environmental cleanup costs, as of September 30, 2026, and 2025, are as follows:

At September 30, 2026, Dollars in Thousands

		ESTIMATED RANGE OF LOSS	
CONTINGENT LOSS	**ACCRUED LIABILITIES**	**LOWER END**	**UPPER END**
Legal Contingencies			
Reasonably Possible	$ -	$ 100	$ 8,900
Environmental Contingencies			
Probable (Note 12)	$ 233,462	$ 233,462	$ 356,934

At September 30, 2025, Dollars in Thousands

		ESTIMATED RANGE OF LOSS	
CONTINGENT LOSS	**ACCRUED LIABILITIES**	**LOWER END**	**UPPER END**
Legal Contingencies			
Probable	$ 890	$ -	$ -
Reasonably Possible	-	100	7,100
Environmental Contingencies			
Probable (Note 12)	$ 231,427	$ 231,427	$ 308,260

Future Funded Energy Contracts

The use of energy contracts by federal agencies was permitted by the Energy Policy Act of 1992 and, after 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 AOC retains all subsequent cost savings.

As of September 30, 2026, the AOC has three active Energy Savings Performance Contracts (ESPCs) and one active Utility Energy Service Contract (UESC). With Congressional approval, the AOC has entered into a UESC to finance the design and construction of the cogeneration system at the Capitol Power Plant and ESPCs to implement energy conservation projects within 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 HVAC control and upgrading building automation systems
- Retrofitting existing light fixtures with high-efficiency lamps, ballasts, controls and reflectors; installing LED lighting and expanding the lighting control rooms
- Upgrading transformers to high-efficiency models
- Adding removable insulation covers to reduce heat loss from steam valves
- Replacing failing and defective steam traps and valves to eliminate steam loss and waste
- Installing new motion/occupancy sensors in areas with infrequent and low occupancy levels
- Installing water conservation and fixture upgrades

All ESPCs and UESC contracts have transitioned from their construction to performance phase. The scheduled final payments for the contracts range from FY 2027 to FY 2039. The calculation of the period of performance is largely dependent on the amount of the predicted annual costs savings and the overall value of the projects.

The AOC will pay off the total amount of government contract payments (including interest) for the cogeneration facility in 20 annual installments ranging from $3 million to $5 million (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. 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**

Note 16:
Imputed Financing

Imputed financing consists of unreimbursed costs paid by other federal entities on behalf of the AOC. These costs primarily relate to employee benefits administered by OPM, including Federal Employees Health Benefits (FEHB), Federal Employees' Group Life Insurance (FEGLI), and federal retirement programs (CSRS, CSRS Offset, and FERS). Imputed financing for employee benefits is derived from OPM's annual cost factors.

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 employees 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 year and at least five years of creditable service, by the end of 1986. The AOC and the employees 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.

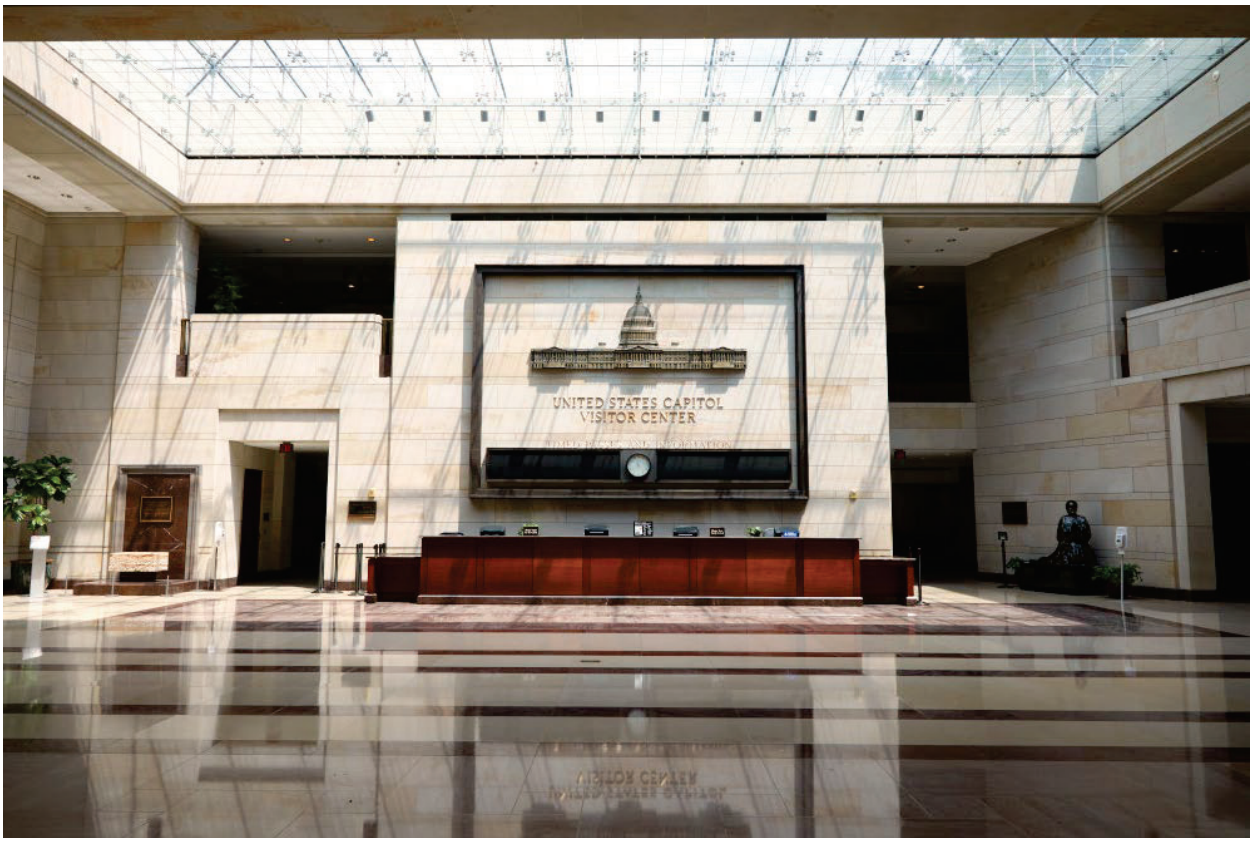
Under the FERS plan, the AOC and the employees contribute to Social Security and Medicare at rates prescribed by law. In addition, the AOC is required to contribute to the TSP a minimum of 1 percent of the basic pay of employees covered by this system per year. The AOC also matches a voluntary employee contribution up to 3 percent dollar-for-dollar, and another 2 percent is matched 50 cents on the dollar.

Imputed financing may also include capital infrastructure projects funded by other federal entities and legal claim payments from the Judgment Fund or the OCWR Settlement and Awards Fund. For legal cases subject to the CAA's reimbursement provisions the AOC is required to reimburse OCWR for settlement payments disbursed on its behalf. Corresponding imputed financing recognized at the time of payment is subsequently reversed upon reimbursement.

Imputed Financing for the periods ended September 30, 2026, and 2025, is as follows:

Dollars in Thousands

IMPUTED FINANCING, BY TYPE	2026	2025
Pensions		
CSRS	$ 254	$ 266
CSRS Offset	230	272
FERS	88,903	93,037
Less: Contributions	(60,924)	(59,242)
Subtotal: Employee Pensions	**$ 28,463**	**$ 34,333**
Health Insurance	$ 23,147	$ 22,150
Life Insurance	52	49
Subtotal: All Employee Benefits	**$ 51,662**	**$ 56,532**
Other Agency - Campus Infrastructure	$ 722	$ 3,857
Judgment Fund	8	35
OCWR-Settlement and Awards Fund	-	275
Reimbursement of Imputed OCWR Payments	(277)	(170)
Total	**$ 52,115**	**$ 60,529**



Note 17:
Cost of Operations Related to Payroll

Salaries and related benefit expenses include actuals as well as other accrued expenses. Benefit expenses represent amounts paid for FECA (funded for current year payment), Unemployment Compensation for Federal Employees (UCFE), and OPM Imputed Costs, but do not include the unfunded expenses for accrued annual leave and long-term actuarial FECA liabilities. Accrued Expenses are for earned, but unpaid payroll and benefits.

Cost of Operations Related to Payroll for the periods ended September 30, 2026, and 2025, are as follows:

Dollars in Thousands

EXPENSES FOR PAYROLL AND RELATED BENEFITS		2026		2025
Payroll Expense	$	397,340	$	383,382
Benefit Expenses				
FECA and UCFE		3,452		3,377
Imputed Costs (Note 16)		51,662		56,532
Other Accrued Expenses				
Current Year Accrued Expenses		14,652		13,589
Reversal of Prior Year Accrued Expenses		(14,056)		(12,256)
Total Expenses for Payroll and Related Benefits	**$**	**453,050**	**$**	**444,624**
Total Gross Cost	**$**	**1,000,748**	**$**	**943,283**
Payroll Related Expenses to Gross Costs (%)		**45%**		**47%**



Note 18:
Reconciliation of SCNP Appropriations to SBR

Amounts reported as Appropriations Received on the SCNP represent budget authority provided through Congressional appropriations during the current fiscal year. Appropriations reported on the SBR include current-year appropriations, budget authority derived from special fund receipts (Capitol Trust Account), and, when applicable, current-year non-expenditure transfers of unobligated budget authority received from or transferred to another agency.

The reconciliation for the periods ended September 30, 2026, and 2025, is as follows:

Dollars in Thousands				
RECONCILIATION OF SCNP APPROPRIATIONS TO THE SBR		**2026**		**2025**
SCNP				
Appropriations Received	$	823,353	$	850,949
Total SCNP Appropriations	**$**	**823,353**		**$850,949**
SBR				
Trust or Special Fund Receipts	$	58	$	49
Appropriations Transfer		-		3,800
Total SBR Appropriations	**$**	**823,411**	**$**	**854,798**

Note 19:
Statement of Budgetary Resources – Unobligated Balance Brought forward, October 1

Unobligated balance brought forward consists of prior-year budget authority from annual, multi-year, and no-year appropriations, as well as spending authority from offsetting collections that have not been obligated for a specific purpose. These balances remain available to fund future authorized obligations and expenditures, primarily for capital construction projects and operational needs.

The unobligated balance may increase from downward adjustments to prior-year obligations or expenditures, such as contract modifications, deobligations, or refunds. Transfers of prior-year balances may also increase or decrease the unobligated balance when budget authority is received from or transferred to another agency.

Unobligated Balance Brought Forward, October 1, for the periods ended September 30, 2026, and 2025, are as follows:

Dollars in Thousands				
NET ADJUSTMENTS TO UNOBLIGATED BALANCE BROUGHT FORWARD, OCTOBER 1		**2026**		**2025**
Unobligated Balance Brought Forward, October 1	$	902,772	$	994,490
Net Adjustments				
Cancelled Authority		(7,974)		(8,395)
Downward Adjustment of Prior Year Obligations (Unpaid)		27,649		35,977
Downward Adjustment of Prior Year Payables (Expended Unpaid)		11,358		9,582
Downward Adjustment of Prior Year Payments (Refunds Collected)		18,018		5,187
Transfers - Prior-Year Balances		3,700		-
Total Net Adjustments	**$**	**52,751**	**$**	**42,351**
Unobligated Balance from Prior Year Budget Authority, Net	**$**	**955,523**	**$**	**1,036,841**

Note 20:
Undelivered Orders at the End of the Period

Undelivered orders represent budgetary resources obligated for goods and services that have not yet been received. These obligations may include contracts for future operational requirements, such as services, supplies, equipment and utilities, as well as for construction projects. Payments associated with obligations reported as Unpaid Undelivered Orders are made after the delivery of goods or performance of services. When authorized, primarily for federal trading partners, payments may be made in advance of delivery or performance, and such obligations are reported as Paid Undelivered Orders. Undelivered orders may ebb and flow based on the continuous procurement cycle and timing of performance activity.

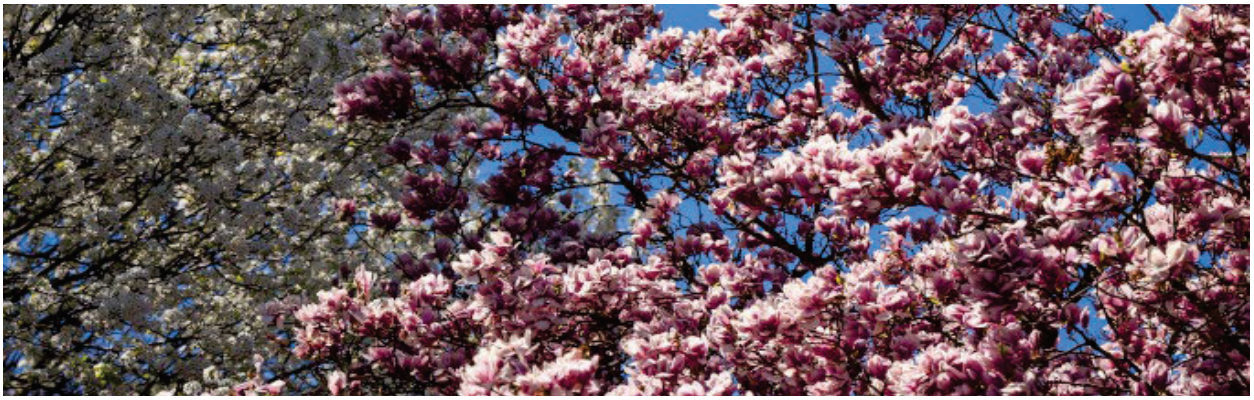
Undelivered Orders for the periods ended September 30, 2026, and 2025, are as follows:

Dollars in Thousands				
UNDELIVERED ORDERS		**2026**		**2025**
Paid				
Federal	$	292,936	$	327,428
Non-Federal		1		2
Total Paid	**$**	**292,937**	**$**	**327,430**
Unpaid				
Federal	$	4,387	$	6,770
Non-Federal		450,167		503,258
Total Unpaid	**$**	**454,554**	**$**	**510,028**

Note 21:
Explanation of Differences Between the Combined Statements of Budgetary Resources and the Budget of the United States Government

In the Budget of the United States Government (President's Budget) AOC is reported under both the Legislative Branch and the Judicial Branch. Budget authority reported under the Judicial Branch is associated with the care and maintenance of the buildings and grounds of the Supreme Court of the United States. The FY 2028 President's Budget will report the actual amounts for the current year (i.e., FY 2026) but is not yet available.

The FY 2027 President's Budget presenting the actual amounts for the year ended September 30, 2025, was published in April 2026 and is thus reconciled to the AOC's September 2025 SBR. Similarly, the FY 2026 President's Budget is reconciled to the AOC's September 2024 SBR. Other SBR differences between AOC's statements and the President's Budget are attributable to rounding and other financial transaction adjustments.



The President's Budget to the SBR reconciliations are as follows:

For September 30, 2025, Dollars in Thousands

RECONCILIATION OF 2025 SBR TO PRESIDENT'S 2027 BUDGET	BUDGETARY RESOURCES	NEW OBLIGATIONS AND UPWARD ADJUSTMENTS	NET OUTLAYS
Combined Statements of Budgetary Resources (SBR)	$ 1,958,693	$ 1,055,921	$ 999,150
Items on SBR - Not in Budget:			
Expired Funds	(61,139)	-	-
Other SBR Differences	(1,554)	(1,921)	(150)
Budget of the United States Government:	**$ 1,896,000**	**$ 1,054,000**	**$ 999,000**

For September 30, 2024, Dollars in Thousands

RECONCILIATION OF 2024 SBR TO PRESIDENT'S 2026 BUDGET	BUDGETARY RESOURCES	NEW OBLIGATIONS AND UPWARD ADJUSTMENTS	NET OUTLAYS
Combined Statements of Budgetary Resources (SBR)	$ 2,017,738	$ 1,023,248	$ 869,818
Items on SBR - Not in Budget:			
Expired Funds	(66,955)	-	-
Other SBR Differences	1,217	(248)	(1,818)
Budget of the United States Government:	**$ 1,952,000**	**$ 1,023,000**	**$ 868,000**



Note 22:
Reconciliation of Net Cost to Net Outlays

SFFAS No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting require 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 by reconciling budgetary outlays with the 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: Amending SFFAS 7, 22, and 24 provides the framework for this reconciliation. The AOC follows the format prescribed by SFFAS No. 53 for presenting this reconciliation.

Financial accounting information is intended to provide a comprehensive view of the AOC's financial position and results of operations on an accrual basis. Accrual accounting recognizes revenues when earned and expenses when incurred, including costs arising from the consumption of assets and the incurrence of liabilities. On the other hand, budgetary accounting information is used for planning and control purposes and focuses on the receipt, obligation, and expenditure of budgetary resources, as well as the reporting of federal spending.

The Reconciliation of Net Cost to Net Outlays explains the relationship between net outlays reported on a budgetary basis and net cost of operations reported on an accrual basis. The reconciliation identifies costs financed in prior periods, costs that will be financed in future periods, and activities that affect budgetary outlays but not net cost, thereby ensuring consistency between budgetary and financial accounting information.

Components of Net Operating Cost Not Part of Budgetary Outlays represent costs recognized in the current period that either required budgetary resources in prior periods or will require budgetary resources in future periods. Net operating cost is reported net of earned revenue and other financing sources, such as imputed costs and donated assets.

Components of Budgetary Outlays Not Part of Net Operating Cost represent budgetary resources obligated or expended in the current period that do not affect net cost of operations. These amounts primarily include the acquisition of capital assets and other transactions recognized in budgetary accounts but excluded from the Statement of Net Cost.



The reconciliation for the periods ending September 30, 2026, and 2025, are as follows:

At September 30, 2026, Dollars in Thousands

RECONCILIATION OF NET OPERATING COST AND NET BUDGETARY OUTLAYS	INTRAGOVERNMENTAL	OTHER THAN INTRAGOVERNMENTAL	TOTAL
Net Operating Cost	**$ 38,363**	**$ 910,037**	**$ 948,400**
Components of Net Operating Cost Not Part of the Budgetary Outlays			
General and Right-to-Use Property, Plant and Equipment Depreciation Expense	$ -	$ (173,912)	$ (173,912)
Lessee Lease Amortization	-	(13,586)	(13,586)
Cost of Goods Sold	-	(3,290)	(3,290)
Gains/Losses on all Other Investments	-	(189)	(189)
Increase/(Decrease) in Assets:			
Accounts Receivable, Net	(272)	(61)	(333)
Securities and Investments	(33)	-	(33)
Other Assets	(34,492)	(1)	(34,493)
(Increase)/Decrease in Liabilities:			
Accounts Payable	(287)	1,987	1,700
Lessee Lease Liability	-	(1,196)	(1,196)
Environmental and Disposal Liabilities	-	(2,035)	(2,035)
Federal Employee Salary, Leave and Benefits Payable	-	(1,266)	(1,266)
Post-Employment Benefits Payable	-	3,170	3,170
Other Liabilities	(843)	(4,940)	(5,783)
Financing Sources:			
Imputed Cost	(52,115)	-	(52,115)
Total Components of Net Operating Cost Not Part of the Budget Outlays	**$ (88,042)**	**$ (195,319)**	**$ (283,361)**
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	$ -	$ 270,494	$ 270,494
Acquisition of Inventory	-	3,809	3,809
Financing Sources:			
Transfers out (in) Without Reimbursements	1,655	-	1,655
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	**$ 1,655**	**$ 274,303**	**$ 275,958**
Misc Items			
Appropriated Receipts for Trust/Special Funds	$ -	$ 58	$ 58
Total Other Reconciling Items	**$ -**	**$ 58**	**$ 58**
Total Net Outlays (Calculated Total)	**$ (48,024)**	**$ 989,079**	**$ 941,055**
Budgetary Agency Outlays, Net			
Budgetary Agency Outlays, Net			**$ 941,055**



At September 30, 2025, Dollars in Thousands

RECONCILIATION OF NET OPERATING COST AND NET BUDGETARY OUTLAYS	INTRAGOVERNMENTAL	OTHER THAN INTRAGOVERNMENTAL	TOTAL
Net Operating Cost	**$ 37,293**	**$ 845,719**	**$ 883,012**
Components of Net Operating Cost Not Part of the Budgetary Outlays			
General and Right-to-Use Property, Plant and Equipment Depreciation Expense	$ -	$ (163,985)	$ (163,985)
General and Right-to-Use Property, Plant and Equipment Disposals	-	(96)	(96)
Lessee Lease Amortization	-	(12,873)	(12,873)
Cost of Goods Sold	-	(3,459)	(3,459)
Gains/Losses on all Other Investments	-	114	114
Increase/(Decrease) in Assets:			
Accounts Receivable, Net	63	(203)	(140)
Securities and Investments	(11,851)	-	(11,851)
Other Assets	-	72,149	72,149
(Increase)/Decrease in Liabilities:			
Accounts Payable	9	5,891	5,900
Lessee Lease Liability	-	(10,556)	(10,556)
Environmental and Disposal Liabilities	-	17,659	17,659
Federal Employee Salary, Leave and Benefits Payable	-	(3,388)	(3,388)
Post-Employment Benefits Payable	-	2,343	2,343
Other Liabilities	-	3,597	3,597
Financing Sources:			
Imputed Cost	(60,529)	-	(60,529)
Total Components of Net Operating Cost Not Part of the Budget Outlays	**$ (72,308)**	**$ (92,807)**	**$ (165,115)**
Components of the Budget Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets	$ -	$ 276,947	$ 276,947
Acquisition of Inventory	-	3,803	3,803
Financing Sources:			
Transfers out (in) Without Reimbursements	-	469	469
Total Components of the Budgetary Outlays That Are Not Part of Net Operating Cost	**$ -**	**$ 281,219**	**$ 281,219**
Misc Items			
Custodial/Non-Exchange Revenue	-	(15)	(15)
Appropriated Receipts for Trust/Special Funds	-	49	49
Total Other Reconciling Items	**$ -**	**$ 34**	**$ 34**
Total Net Outlays (Calculated Total)	**$ (35,015)**	**$ 1,034,165**	**$ 999,150**
Budgetary Agency Outlays, Net			
Budgetary Agency Outlays, Net			**$ 999,150**



ACRONYMS AND ABBREVIATIONS

ACM	Asbestos-Containing Materials
AICPA	American Institute of Certified Public Accountants
AOC	Architect of the Capitol
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act
CCA	Congressional Accountability Act of 1995
CFO	Chief Financial Office
CSRS	Civil Service Retirement System
CVC	U.S. Capitol Visitor Center
CWIP	Construction Work in Progress
DOL	United States Department of Labor
ESPC	Energy Savings Performance Contract
FASAB	Federal Accounting Standards Advisory Board
FBWT	Fund Balance with Treasury
FECA	Federal Employees' Compensation Act
FEGLI	Federal Employees' Group Life Insurance
FEHB	Federal Employees Health Benefits
FERS	Federal Employees Retirement System
FFMIA	Federal Financial Management Improvement Act of 1996
FTE	Full-time Equivalent
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
GSA	General Services Administration
HVAC	Heating, Ventilation and Air Conditioning
MB	Megabytes
NPV	Net Present Value
OCWR	Office of Congressional Workplace Rights
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
RTU	Right-To-Use
SBR	Statements of Budgetary Resources
SCNP	Statement of Changes in Net Position
SFFAS	Statements of Federal Financial Accounting Standards
SNC	Statement of Net Cost
TGA	Treasury General Account
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	United States Botanic Garden
U.S.C.	United States Code
USCP	United States Capitol Police