THE TRANSFORMATION OF THE ARCHITECT OF THE CAPITOL

PEOPLE AND TECHNOLOGY SERVING CONGRESS NOW AND INTO THE FUTURE

THE ARCHITECT OF THE CAPITOL 1793

2006 PERFORMANCE AND ACCOUNTABILITY REPORT

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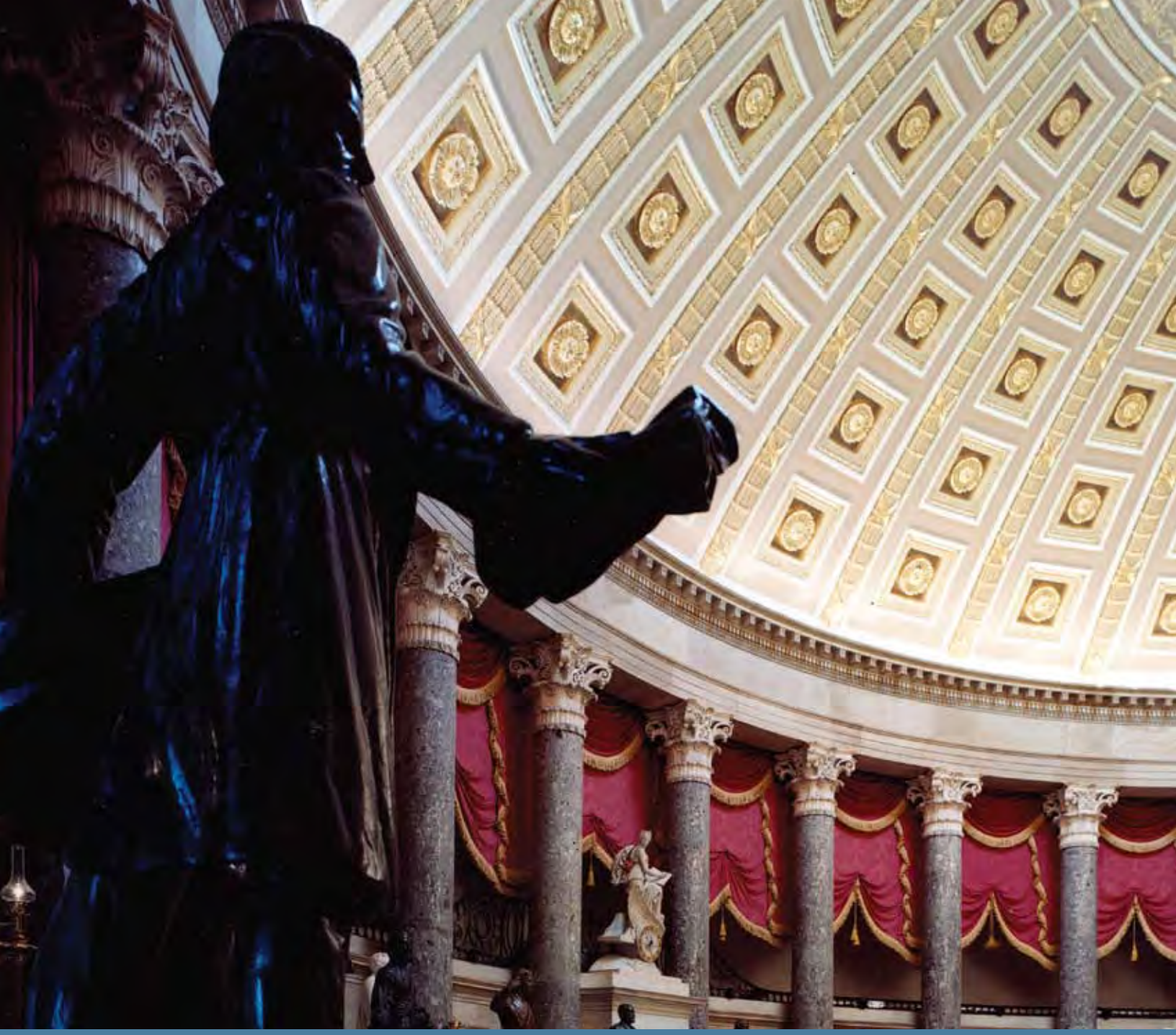


PAR PURPOSE AND COMPONENTS

To provide an accountable and transparent snapshot of the Architect of the Capitol and its operations.

The Architect of the Capitol's (AOC's) 2006 Performance and Accountability Report (PAR) provides performance and financial information for the fiscal year beginning on October 1, 2005, and ending on September 30, 2006. With this report, Congress and the public can assess the AOC's accomplishments. This is the fourth accountability report we have prepared and the second to include annual performance information. We publish a PAR as a sound business practice to provide an accountable and transparent snapshot of the AOC and its operations.

We begin our PAR with letters from the Architect, Mr. Alan M. Hantman, who concluded his ten-year tenure during the production of this report in February 2007; and his Chief Operating Officer and Acting Chief Financial Officer, Stephen T. Ayers; and the current Chief Financial Officer, Paula G. Lettice, followed by three main sections:

Management's Discussion and Analysis (MD&A). This section gives an overview of the AOC with a description of our mission, vision, organizational structure, and a short history of the AOC. We discuss some of our accomplishments for the year and four key projects. In addition, we highlight the AOC's performance goals, objectives, and results.

Performance Information. We compare our actual performance to our goals. We explain why we did not meet some of our goals and describe our plans for improvement. We also discuss our future directions, including a description of revisions to our Strategic Plan.

Financial Information. We begin with a message from the Audit Committee, followed by our financial statements with notes, our independent auditor's report, our management's response to the report, and our management challenges as described in the Government Accountability Office's (GAO's) February 2006 report (GAO-06-290). We also provide an analysis of our financial position, including comparisons to last year, analysis of our legal compliance, and the limitations of our financial statements.

This section also includes information on our heritage assets, included as a note on our balance sheets and further discussed in the section on Required Supplemental Information. All of this information provides a complete assessment of our financial status for the year.

It has been an honor and a privilege to serve with the dedicated professionals of the AOC. Together, we have reorganized and strengthened our organization internally, putting in place policies and procedures that have improved safety, increased training opportunities, and strengthened our technical and professional skills to further enhance the services we provide to our clients.

Our responsibilities include:

- Being good stewards of the national treasures that have been entrusted to our care;
- Supporting the day-to-day activities of the Congress so that its Members can go about the business of government without disruption;
- Maintaining and operating the facilities on Capitol Hill as well as tending to the historic Capitol Grounds; and
- Assisting in the arrangement of inaugural and other ceremonies.

The following are specific examples of our continued efforts to further improve the AOC:

I am pleased to present the fiscal year 2006 Performance and Accountability Report (PAR) for the Office of the Architect of the Capitol (AOC). The theme that is highlighted throughout this year's report is the transformation of our organization through our people and technology. This transformation has greatly improved our service to Congress and will better enable us to meet its future needs. We continue to improve and strengthen the internal and external services we provide as part of our stewardship responsibilities for over 15 million square feet of buildings and more than 370 acres of land.

Worker Safety: For the sixth consecutive year, we decreased the Injury and Illness (I&I) rate, which is now the lowest it has ever been at 4.88 percent. This is a notable achievement and puts the AOC at a comparable rate with many other Federal agencies. Through the efforts of our Jurisdictional Occupational, Safety, and Health committees, we are actively working to lower the I&I rate even further over the next year.

Human Capital: To further enhance the professionalism of our staff, we

have continued our program to develop our highly-skilled workforce and have seen an increase in participation in our Leadership Development Program. We also participated for the first time in the Council for Excellence in Government Fellows Program, one of the premier leadership development programs available to Federal personnel. In our initial year, the AOC has three Fellows in the program who are meeting with peers from Federal agencies and attending sessions on critical leadership issues in the Federal government.

Information Technology: We were one of a few Federal organizations that completed a successful Independent Validation and Verification against the Government Accountability Office's Enterprise Architecture Management Maturity Framework. Overall, we met 28 of the 31 core elements defined in GAO's framework and have partially met two of the remaining elements.

Revised Strategic Plan: We made great strides in following both the spirit and intent of the Government Performance and Results Act. We began the transformation of our Strategic Plan to focus on results. Our revised Strategic Plan for Fiscal Years 2007 – 2011 is more performance based and will enable us to continually enhance our effectiveness and efficiency in carrying out our mission.

Creation of a Master Plan: Another significant initiative is the creation of a Master Plan for the proactive maintenance and preservation of Capitol Hill facilities which is based in part on condition assessments conducted for many of those facilities.

Project Management: The hundreds of daily projects that the AOC works on are being closely monitored and reported on a quarterly basis. We have fully implemented quality, cost, and schedule metrics, including the implementation of a construction quality customer satisfaction survey.

Financial Management: At the beginning of my tenure, my initial focus was on creating a meaningful, accurate, and transparent financial management system to assure strong financial controls and full accountability to the Congress and the American taxpayer. I am proud to say that the development of this system has achieved a high degree of success as illustrated by our achievement of a clean audit opinion on our very first effort in 2005. This audit report presents performance and financial data that are complete and reliable, providing timely and useful information on AOC accomplishments to the American people.

The very positive impact of all of these efforts is readily seen in the professionalism, commitment, and pride within the AOC team. There is a new and pervasive culture of pride, teamwork, and mutual respect throughout our many jurisdictions. It is the men and women of the AOC that are at the heart of this organization and I am so very proud to have led them through these challenging years of growth. I have great faith that the future will bring ever greater achievements for the AOC.

Sincerely,

Alan M. Hantman, FAIA

We are pleased to present the Architect of the Capitol's 2006 audited financial statements. Our financial statements are an integral part of our Performance and Accountability Report. This annual report to our stakeholders fulfills our fiscal stewardship responsibilities and highlights our significant accomplishments. In addition, this report discusses the challenges we face as we continue to transform this organization through the efforts of our skilled staff using innovative technology and information systems.

For the second consecutive year, the AOC received an unqualified audit opinion from our independent auditors on all five of our principal financial statements. This followed two years of unqualified opinions on our Balance Sheet-only audits. An unqualified opinion attests to the fact that our financial statements present fairly, in all material respects, our financial position, cost of programs, and net position. A notable accomplishment for 2006 is that we completed the audit in January 2007, seven months earlier than the previous year. This means that we now have resolved our initial audit issues and have the qualified staff, internal policies, procedures, and systems in place to rapidly close our books and satisfy our auditors.

The Independent Auditor's Report on Internal Control for 2006 contains two new material weaknesses and no new reportable conditions. We are aware that we cannot yet attest that we have comprehensive internal controls in place and that we do not have a structure in place to monitor and identify changing risks. Our existing internal control weaknesses are in time recordation and payroll, procurement, and system controls related to carrying over excessive annual leave balances. We are diligently working to resolve these weaknesses. In addition, we have one existing reportable condition, which is in our information system controls. We accept responsibility for addressing all of these issues, and we will, to the extent possible within existing resources, plan or take corrective measures during 2007. For additional information about our material weaknesses, our reportable condition, and our plans for addressing them, we invite you to read the Summary of Audit Results section of this report.

This year to further improve our financial management, we:

- Further advanced our cost accounting system by completing a pilot and rolling it out to the entire organization. Implementation efforts included attributing payroll and other direct costs to activities, preparing and distributing first-generation reports, and integrating cost accounting information into our general ledger;
- Implemented a new inventory management system that uses hand-held scanners and bar-code printers, and is designed to record and process inventory and tangible property information on a real-time basis;
- Implemented our first OMB A-123 compliant internal control cycle;
- Improved the functionality of the accounting system's acquisitions module;
- Implemented an organization-wide automated Full-Time Equivalent (FTE) Management System that assists us in tracking, estimating, and reporting FTE information; and
- Began streamlining and standardizing our budget formulation and justification processes so they better align with other Legislative Branch organizations.

In closing, the AOC is fully committed to financial excellence and responsibly managing the resources entrusted to us. In 2007 and the years to come, we plan to build on our accomplishments to further refine our financial management systems and processes. We are committed to meeting our stewardship responsibilities and providing outstanding client services to the Members of the Congress and their staffs.

Stephen T. Ayers, AIA
Chief Operating Officer and
Acting Chief Financial Officer
(until December 3, 2006)

Paula G. Lettice
Chief Financial Officer
(as of December 4, 2006)

I. MANAGEMENT'S DISCUSSION AND ANALYSIS

OUR MISSION

Provide Congress and the public a wide range of professional expertise and services to preserve and enhance the Capitol complex and related facilities.

OUR VISION

We will be an innovative and efficient team dedicated to service excellence and to preserving, maintaining, and enhancing the national treasures entrusted to our care.

OUR HISTORY

Architect Sir Christopher Wren believed, "Architecture has its political use; public buildings being the ornament of a country; it establishes a nation, draws people and commerce; makes the people love their native country, which passion is the origin of all great actions in a commonwealth." Washington and Jefferson shared this sentiment, and their vision of the capital city was born.

In 1790, Congress passed the "Residence Act," stipulating that, within ten years, the federal government will relocate to a permanent location and authorized President George Washington to select the commissioners to oversee the design of the permanent capital and the construction of necessary government buildings.

The Capitol sits 88 feet above the level of the Potomac and is the centerpiece of Capitol Hill. This grand structure is recognized around the world as a beacon of freedom. Secretary of State Thomas Jefferson conceived of the idea for a contest to determine the Capitol's design. Eighteen individuals submitted plans, but Dr. William Thornton's design of a two-winged structure, connected by a grand domed rotunda, was approved in 1793 by President Washington, who later that year laid the cornerstone of the Capitol. Thornton is honored as the first Architect of the Capitol. Unfortunately, due to infrequent funding, difficulties in procuring materials, and British troops burning the partially completed building in August 1814, construction took 32 years to complete.

The next major stage of Capitol construction began in 1851, after the Union had more than doubled to 31 states. This growth necessitated larger accommodations. Construction began on a 16-year project to build two new wings accommodating the House and Senate. The addition tripled the size of the original building. During this expansion, in 1855, the 12-year construction project to create the fireproof 174-foot cast-iron dome atop the Capitol today was approved by Congress.

Initially, an architect was employed only when the Capitol, or portions of it, were under construction. Oversight of the Capitol and Capitol grounds fell under the care of the Commissioner (or Board of Commissioners) of Public Buildings. In 1867, an Act of Congress created the office of the Architect of the Capitol responsible for "the mechanical and structural maintenance of the building, the upkeep and improvement of the Capitol grounds, and the arrangement of inaugural ceremonies and other events and ceremonies held in the building or on the grounds."

Today, the Architect of the Capitol is responsible for much more than the Capitol itself. Our organization has continued to evolve, with responsibilities now covering more than 15 million square feet of buildings and 370 acres of land. We are responsible for some of the country's greatest national structures, the facilities that support the Capitol complex, and several offsite supplementary buildings. Legislation defines our responsibilities and, while the specific services we provide vary by jurisdiction, many are cross-functional. Our primary charges include maintenance, preservation, and structural and mechanical care of the buildings and grounds, as well as general administration, such as central office functions, and the management and operations of the activities, programs, and projects affecting each jurisdiction.

Each year, millions of people visit the buildings and grounds under our care. In addition to the Capitol, we are responsible for the House Office Buildings, Senate Office Buildings, Supreme Court, Library of Congress Buildings, Botanic Garden, Capitol Power Plant, Capitol Visitor Center (currently under construction), Capitol Grounds, and Capitol Police Buildings.

The **House Office Building** jurisdiction includes the operation and maintenance of the House subways and the following six structures, which are listed with their construction completion dates or acquisition dates:

- Cannon House Office Building *1908*
- Longworth House Office Building *1933*
- Rayburn House Office Building *1965*
- Ford House Office Building *transferred from the General Services Administration (GSA) in 1974*
- East and West underground garages *1965*
- Page Dorm *transferred from the GSA in 1986*

The **Senate Office Building** jurisdiction includes the operation and maintenance of the Senate subways, restaurants, and the following

seven structures, which are listed with their construction completion dates or acquisition dates:

- Russell Senate Office Building *1909*
- Dirksen Senate Office Building *1958*
- Hart Senate Office Building *1982*
- Two Childcare Centers *1986, 1999*
- Monocle Building *purchased in 1935*
- Webster Hall Page Dorm *purchased in 1993*
- Senate underground garage *1935*

During the **Supreme Court's** 134 years in the Capitol, it heard cases in six different locations. From 1801 to 1935, the Supreme Court met in the Capitol but, in 1935, it moved to its own building. The Supreme Court building was constructed across the street from the Capitol's East Front between 1932 and 1935. The building is currently undergoing a major modernization project that began in 2003. The Supreme Court differs from our other jurisdictions because funding to care for the Supreme Court is appropriated to the Judicial Branch, and not directly to the AOC.

The Thurgood Marshall Federal Judiciary Building was constructed between 1990 and 1992 to meet the growing needs of the federal judiciary. The building is approximately two blocks from the Capitol, adjacent to Union Station. The AOC is responsible for services such as maintenance and repair, and we also respond to the needs of our tenant, the Judicial Branch.

The **Library of Congress (LOC)**, like the Supreme Court, first resided in the Capitol. While the Library was established in 1800, the doors to its own building did not open until 1897. Today the LOC is comprised of a number of buildings. The first four listed below are in the Capitol complex and the last two are located outside of the District of Columbia:

- Thomas Jefferson Building *1897*
- John Adams Building *1938*
- James Madison Memorial Building *1980*
- Special Service Facility Center *purchased in 1991*
- Congressional campus, Fort Meade, Maryland, *transferred from the U.S. Army in 1993*
- National Audio-Visual Conservation Center, Culpeper, Virginia, *planned to open 2008*

Congress established the **Botanic Garden** in 1820, but it was not until 1934 that the AOC took over its administration. The Botanic Garden is comprised of a conservatory, two acres of surrounding exterior grounds, the outdoor display in Frédéric Auguste Bartholdi Park, and an administration building. The Botanic Garden also has a plant production and support facility that opened in Anacostia in 1993. This support facility was obtained in an exchange with the District of Columbia and today has 36 greenhouse bays, as well as storage and maintenance shops. Also under our jurisdiction is the National Garden, which was fully funded by private donations and completed in 2006. The National Garden sits adjacent to the Botanic Garden Conservatory and is a beautiful addition to the campus.

Four blocks from the Capitol is the **Capitol Power Plant**. The main plant was built in 1909 but ceased producing electrical power in 1951. It now generates steam to heat and chilled water to cool 24 facilities in the Capitol complex. In addition to the main plant, the property contains the West Refrigeration Plant and an operations building, both built in 1978, and a coal yard, which was transferred from the Executive Branch in 1987. We are about to complete a 16,500 square foot addition to the West Refrigeration Plant, which will enable the Power Plant to independently meet Capitol complex demand through 2025 as well as improve total plant efficiency.

The **Capitol Visitor Center (CVC)** is planned to open in 2008 and will be a 580,000 square foot structure located completely underground below the East Front plaza of the Capitol. The CVC is intended to provide a secure, accessible, and convenient educational environment for the millions of visitors who explore the Capitol each year. It is designed to enhance visitors' experiences and to highlight the Capitol's historic environment. The CVC will also allow for better accessibility between the Capitol and the Library of Congress and provide modern facilities for support services, such as truck loading and deliveries for the Capitol.

We have cared for and maintained the **Capitol Police Buildings** and grounds since 1974. Presently, these encompass seven separate facilities, which are listed with their construction completion dates or acquisition dates:

- Eney, Chestnut, Gibson Memorial Building (Headquarters) *transferred from GSA in 1986*
- Training facility *1996*
- Off-site delivery center *1998*
- Maintenance facility *2001*
- Fairchild Building *2004*
- Canine Facility and Canine Training Facility *2005*
- Storage/Logistics Warehouse *2005*

In addition to these national monuments and buildings, the AOC cares for the 222 acres that are the responsibility of the **Capitol Grounds** jurisdiction. The term "Grounds" refers to the land within the Capitol complex upon which no building has been constructed. The original Capitol Grounds encompassed a 31 acre parcel. The 1851 construction that began the Capitol Building extension added the present House and Senate chambers and brought the building's north and south walls very close to the Grounds' north and south boundaries. In 1872 Congress purchased two city blocks and annexed several publically owned squares to enlarge the Grounds. Nearly two years later, Frederick Law Olmsted, the preeminent landscape architect of his time, was hired to design and create grounds that appropriately reflected the Capitol's grandeur. Over the course of two decades, Olmsted constructed a landscape whose primary purpose was to center attention on the Capitol Building. He accomplished this by re-grading massive amounts of land and rearranging hundreds of trees, creating numerous pathways and clear sightlines to the building from nearly every approach.

AOC fulfills its duties with the utmost consideration for the historical, national, cultural, educational, and architectural value enjoyed by the millions of visitors who come to the Capitol each year and the thousands of public servants who work here daily. This is a responsibility that our office first embraced over a century ago, and it continues without interruption today.

OUR ORGANIZATION

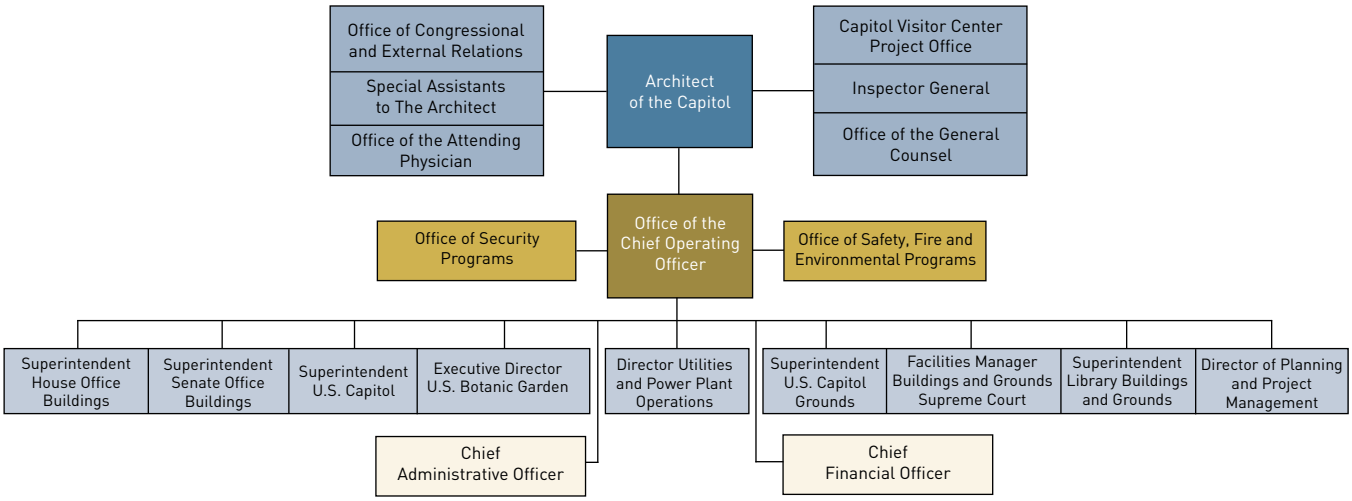
The Office of the Architect of the Capitol serves the facilities needs of the Congress and is composed of approximately 2,000 employees. The AOC is led by the Architect of the Capitol, who is appointed by the President and confirmed by the Senate to serve for a term of ten years (with the potential for reappointment to a second term). The Architect is an official of the Legislative Branch, acting as an officer and agent of Congress. The most recent Architect, Mr. Alan M. Hantman, Fellow of the American Institute of Architects (FAIA), was appointed in 1997 and completes his term in February 2007. The Architect serves as a member of several governing or advisory bodies: Capitol Police Board, Capitol Guide Board, Advisory Council on Historic Preservation, National Capital Memorial Commission, District of Columbia Zoning Commission, and Art Advisory Committee to the Washington Metropolitan Area Transit Authority. He is also an *ex officio* member of the United States Capitol Preservation Commission and the National Building Museum.

The AOC has two major responsibilities: the operation and maintenance of current facilities as well as the management of repair, renovation, and new construction. The Capitol complex is sub-divided into individual "jurisdictions" with responsibility for a designated physical area as follows:

- Capitol Building
- Capitol Grounds
- House Office Buildings
- Senate Office Buildings
- Supreme Court Buildings and Grounds
- Library of Congress Buildings and Grounds
- Botanic Garden
- Capitol Power Plant

The jurisdictions are supported across the campus by the staffs of central management offices, such as the Chief Financial Officer, the Chief Administrative Officer, the Director of Planning and Project Management, the Director of Safety, Fire and Environmental Programs, and the General Counsel. The following organizational chart shows the relationship of these offices.

ORGANIZATIONAL CHART



The historic nature and high-profile use of the buildings under our care create the complex environment in which we work. Our employees work to meet the needs of multiple stakeholders, including the Members of Congress, Congressional leadership, Committees, and staff; the visiting public; and other clients (e.g., the Library of Congress). We believe that our current organizational structure allows us to make the best use of our time, energy, and resources to effectively deliver services to our customers. In addition, this structure provides us with the flexibility to successfully react with a high degree of professionalism to unanticipated changes and new priorities.

We have 2,000 full-time employees who are responsible for the daily operations throughout the Capitol complex. Our staff of electricians, plumbers, upholsterers, carpenters, painters, masons, and other skilled craftspeople provides mechanical, electrical, and structural maintenance of the buildings and grounds; makes any necessary improvements; and repairs and preserves art and furnishings. In addition, our architecture, engineering, and construction groups design and complete projects of the highest quality, while our facilities maintenance staff provides the building maintenance services required throughout the Capitol complex. We also support inaugural ceremonies, state funerals, and other events and ceremonies held in the U.S. Capitol or on its grounds.

JURISDICTIONS

Capitol Building

The Capitol Building, which has been the meeting place of the U.S. Congress for over two centuries, is an important national and global symbol of democracy. We work to preserve and enhance this notable historic building.

One major achievement in 2006 was providing support for the Lying in Honor Ceremony held for Rosa Parks, a pioneer in the struggle for racial equality in the U.S. and a recipient of the Presidential Medal of Freedom for her efforts in the civil rights movement. To recognize her historic contributions, Congress approved a resolution for Ms. Parks' remains to lie in honor in the U.S. Capitol Rotunda from October 30 to October 31, 2005. Ms. Parks was the first woman to ever lie in the Rotunda and only the second African American and second nongovernmental official to do so. The Office of the Capitol Superintendent worked with the Congressional leadership in the planning and the preparation of the Rotunda for this historical event so the U.S. public could pay its last respects to Ms. Parks.

Additional significant projects completed in 2006 included installing two East Front doors and replacing lower West Terrace doors, installing manual pull stations throughout the Capitol to comply with the Americans with Disabilities Act (ADA), completing the installation of antennas to support wireless communication devices, restoring the plaster walls at all four Grand Stairwells, and installing the Capitol Police public address speakers.

We also started or continued efforts on several large projects, some of which will continue into 2007. We began the restoration of the stained glass ceiling panels in the four Grand Stairwells in the Capitol: these date back to the 1860s, when the House and Senate extensions were added. We conducted an assessment of the panels, which revealed the need for extensive repairs due in part to multiple cracks in many of them. We removed the panels to assess their condition, developed a restoration plan, and engaged a professional conservator to remove the original panels and install laminated replicas. In 2007 we will hire a conservator to develop and implement a plan to repair and conserve the cracked panels, followed by preparing them for reinstallation.

In 2006, we completed an average of approximately seven significant projects per month: 98 percent of which were completed on time and within budget, which is the same percentage as 2005. We measure the significance of a project not only by the dollar amount for the project but also by its complexity, visibility, and impact on our clients and the historic architectural structure of the Capitol. Significant projects can range from renovations and office upgrades, with an estimated cost of $20,000, to the restoration of plaster walls in the Capitol's Grand Stairwells, with an estimated cost of $400,000. Because of its age and the construction materials used in building the Capitol, and the building's internal and external structure, dealing with lead or asbestos-containing materials can also be a significant project.

Another significant effort in 2006 included our preparations to support the future maintenance operations of the Capitol Visitor Center (CVC), a public center currently under construction. We hired a new Assistant Superintendent in 2006 to lead the transition from CVC construction to acceptance, start-up, and maintenance. During acceptance, we check equipment and systems to verify they meet design and specification criteria, such as national building codes, and fire and life safety codes.

Some additional projects planned for 2007 include installing the Brumidi Corridor exit door, and a back-up fire pump, and restoring the

Alan Hantman's Tenure at the AOC

Feb. 1997

Alan Hantman sworn in

Apr. 1998

Longworth cafeteria renovations begins

Oct. 1998

Botanic Garden Conservatory renovation begins

East Front bronze doors. We are also planning for security improvements to the House Chamber, West Grand Stair Enclosure, and West Terrace exit doors and stairs.

Capitol Grounds

We are focused not only on the original Capitol Grounds, the 63 acres designed and developed in the 1880s by Frederick Law Olmsted called Capitol Square, but also on the preservation and cleanliness of the approximately 234 acres of land and roads within the Capitol complex. (More information on the Olmsted design is available in the History section and the Stewardship Report.)

Each season we devote great attention and care to create a landscape that complements and enhances the grandeur of the Capitol and surrounding buildings. Most of our work follows the same annual patterns, such as changing seasonal displays, planting trees, and maintaining fountains and the year-round landscape.

Oct. 1998
House Child Care Center opened

Dec. 1998

Capitol Dome rehabilitation begins

Apr. 1999

Dirksen Senate Office Building modernization begins

Dec. 1999
Senate Child Care Center opened

One major project was upgrading the lawn sprinkler system by adding automatic valves. This saves on utilities and prevents over-watering the Grounds. During 2006 we increased our effort to replace sidewalks and to re-pave parking lots around several House Office Buildings.

We completed two Historic Structure Reports. The first was commissioned to review the structural layout of the Olmsted walls and other hardscape features. We will use this report as a planning tool for future work. The second report was for the Summer House on the northwest side of Capitol Square. The Summer House report identified steps needed to restore the structure.

In 2006 we started a new vehicle inspection program to ensure that all AOC vehicles are road worthy. If we find a vehicle is not road worthy, an inspection report detailing the needed repairs is generated. We inspected approximately 85 percent of all vehicles within the past year.

In 2007 we will continue to add automatic lawn sprinkler valves and replace damaged and aged sidewalks across the campus. We will continue to raise the sidewalk curbing stone on Capitol Square back to its proper height. We will also prepare the East Front grounds for the numerous visitors expected to visit the new CVC.

House Office Buildings

At the core of our operations is the daily care of the House Office Buildings (HOB) complex. We serve the members and committees of the House of Representatives and their staffs, House officers, and support staff.

We accomplished some large tasks in 2006. We modernized the Ford House Office Building (FHOB) elevators to comply with the Americans with Disabilities Act and installed new cabs and controls, making the elevators faster, more efficient, and compliant with safety regulations. We also completed over 55,000 work orders, including the construction of a hearing room and office space for the newly-formed Homeland Security Committee; audio and video upgrades in the hearing room for the Transportation and Infrastructure Committee; and renovations and modifications to 52 offices.

We installed downspouts at the Cannon House Office Building as well as sprinkler valves and drains for all HOBs. We installed cabinets housing automatic external defibrillators, accessible to the public, throughout the HOBs. Lastly, we completed the House Staff Fitness Center.

Our administrative efforts emphasized greater efficiency, services that are more client-friendly, and improved safety. We implemented a new work order system with on-line request capabilities; developed HOB project close-out procedures; created a cyclical refinishing program for decorative wood and metal surfaces; and introduced cost accounting—with the Carpentry, Painting, Mechanical Systems, and Elevator Branches serving as pilots.

In 2006 we participated in environmental regulatory evaluations of all HOBs. We worked closely with the Environmental Division and HOB shops to correct the deficiencies that were noted during the audit. We also continued monthly audits of the Hazardous Waste Program.

Plans for 2007 include improving the audio and video services in the Agriculture and Veterans Affairs Committees' hearing rooms; upgrading the public restrooms to make them ADA compliant; modernizing the elevators; and installing a central monitoring system for fire protection systems in HOBs. In early 2007, we also plan to complete Congressional office moves resulting from the November 2006 elections. Additional plans include installing a new generator and power distribution system in the Longworth House Office Building.

Senate Office Buildings

We provide a variety of services to the Senate community, which includes Senators and their personnel staff, committee staff, and other Senate support organizations. We provide daily facility management services, including building maintenance and repair; facility operations, such as special functions coordination and set-up; supplying office furniture; facilitating office moves and reconfigurations; cleaning and recycling services; and new construction and renovation services. We also manage and operate the Senate Restaurants, which provide food services for the Senate community.

We perform two categories of work: daily work, and non-recurring projects and initiatives. We are responsible for nearly 2.7 million square feet of office space.

Our daily work consists of two sets of services. The first is stewardship, which is the long-term care, maintenance, and preservation of the Senate Office Buildings, including the air-conditioning and refrigeration systems, the high- and low-voltage electrical systems,

Sept. 2001

Increased security takes priority after terrorist attacks

Apr. 2002

Modern Financial Management System implemented

Aug. 2002

Major excavation for the Capitol Visitor Center begins

Oct. 2002

Rayburn House Office Building cafeteria renovations begin

Mar. 2003

First financial statements prepared

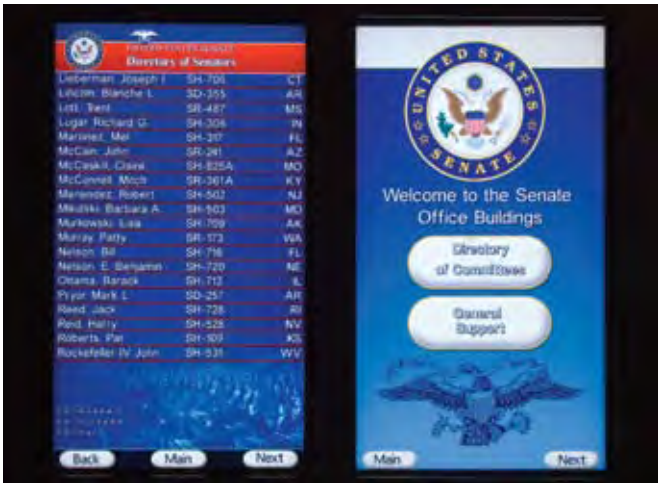
SENATE COMMITTEE ROOM

We continued our modernization efforts throughout 2006 by completely renovating five committee rooms to include new state-of-the-art sound and video.

the indoor parking garage, the plumbing system, and the subway and elevators. We also inspect, test, and maintain the life-safety systems to ensure code compliance.

Our second set of daily services facilitates the business of the Senate community with day and night cleaning services, special function setup and coordination, indoor air quality testing, and ergonomic assessments and inspections to comply with the requirements of the Americans with Disabilities Act (ADA) and the Occupational Safety and Health Administration.

We began and completed a number of projects in 2006 that use new technologies to further transform the Senate Office Buildings into code-compliant, visitor-friendly facilities. We completed studies to



Jul. 2003

Supreme Court Building modernization Phase I begins

Expansion of West Refrigeration Plant begins

Dec. 2003

AOC implements its first Strategic and Performance Plans

May 2004

Supreme Court Building modernization Phase II begins

Senate Staff Exercise Facility opened

determine exit capacities and how to improve exits from the buildings while being mindful of historic preservation. We completed designs and provided fire dampers in the Hart and Dirksen Senate Office Buildings. We developed additional designs to replace aging fire alarm systems with modern state-of-the-art systems for the Dirksen and Russell Senate Office Buildings, the Child Care Center, and the Page Dorm. We also completed the design for an emergency generator for the Russell Senate Office Building.

We also began a project to provide 100 percent sprinkler protection in the Russell Senate Office Building by the end of 2007. We also installed a fire alarm system in the Senate Legislative Underground Garage. We began the installation of an emergency generator, a new fire pump, and new sprinkler and fire alarm systems in the Dirksen Senate Office Building, to be completed in 2007.

In addition, we completed a pilot program to automate the Senate Directory with new signs, to make it easier to locate Senators, Committees, and Senate support offices. Under the pilot program, the updating process automatically shows the daily hearing schedule, and it can be expanded to show emergency information and additional items of interest. We also installed direct digital controls for heating and air-conditioning systems and elevator system status.

We continued to modernize committee hearing rooms throughout 2006 by completely renovating five committee rooms to include new state-of-the-art sound and video. We also completed historic restorations with the addition of new furniture, new painting, carpet, and draperies. We continued our Hart Modular Furniture Replacement Program. Nine Senate offices received new modular furniture and walls in compliance with ADA requirements.

We also completed dozens of office reconfigurations for Senators and committee staff, client accommodation requests, and approximately 41,300 work orders. We completed all of the work safely, exceeding our goal of reducing our injury rate by 10 percent. Additionally, we completed numerous construction projects with wide-ranging complexity and scope to support security requirements, accessibility, preservation, hazardous materials abatement, and elevator upgrades.

Supreme Court

In 2006, we achieved several major accomplishments in four areas: operations, security, historic preservation, and safety.

Our operational accomplishments in 2006 were critical to the appearance and future operations of the Court and the AOC facilities organization. We replaced perimeter sidewalks along First and Second Streets, improving the appearance of the building. We also completed structural repairs to the southwest electrical vault, which restored its deteriorating condition and extended its life indefinitely. In addition, we confirmed the structural integrity of the building with a seismic study. We also pre-wired the northwest quadrant for upgraded CATV in support of future Court operations.

We had several critical security program accomplishments in 2006. We installed security bollards on three sides of the building to improve security for visitors and Court personnel. In addition, we constructed and installed new police kiosks for the safety and security of employees and the public.

Our major historic preservation accomplishments were the removal of the bird-proofing system and re-pointing the marble joints of the West Pediment. This critical repair work is the first of several procedures required to fully restore the sculptures, modillions, and decorative stone to their original grandeur. We also repaired and restored a modillion in the West Pediment. These repairs restored the appearance of the pediment, and we have scheduled additional work to fully restore the overall condition of the pediment in 2008. We replaced the original but deteriorating marble steps and cheek walls located on Maryland Avenue. This will enhance the appearance of the north side of the building perimeter. We also replaced the deteriorating concrete of the plaza fountains.

Our safety accomplishments include activities and training to decrease occupational injuries, including conducting daily toolbox talks on accident prevention.

We expect 2007 to be a busy year as well. One planned project is the installation of additional roof fall protection on the high roof areas to supplement the existing system, which was installed in 2002. This will allow workers safe roof access for future roof repairs. The work will require the installation of fall arrest cables to provide a safe means of

June 2004

AOC Implements its first Human Capital Plan

Lying in State for President Ronald Reagan

Aug. 2004

Received first "clean" audit opinion

Oct. 2005

Lying in Honor Ceremony for Rosa Parks

LIBRARY OF CONGRESS

Renovations to the James Madison Memorial Building are expected to be complete in 2007. Some of the renovations included replacing over 275 eight-foot high teak panels in the building hallways. These panels are made from state-of-the-art fire retardant materials.

accessing roof areas and lift equipment to safely transport personnel to the high roof areas. We will also begin a five-year phased contract for the repair or replacement of the entire roof system, concentrating on the areas of the roof having the most serious deterioration. We expect to complete this project in 2011.

Library of Congress

We provide long-term care, maintenance, and planning, as well as daily facility management operations, in support of the Library of Congress (LOC) buildings and grounds. There are four LOC buildings within the Capitol complex: the Thomas Jefferson Building, John Adams Building, James Madison Memorial Building, and the Special Service Facility. We also have responsibility for the off-site storage facilities at Fort Meade, Maryland, and are assisting with the creation of the National Audiovisual Conservation Center (NAVCC) in Culpeper, Virginia, bringing the total area under our care to approximately 4.5 million square feet. In addition to facility management, our daily operations support the long-term care of each facility, including mainte-

Nov. 2005
House Staff Exercise Facility opened

Oct. 2006
National Garden opened (completed August 2006)

Dec. 2006
Issued first Performance and Accountability Report

Nov. 2008
Capitol Visitor Center opening

nance, renovations, and improvements. In 2006 we undertook a number of projects.

We are making major renovations to the James Madison Memorial Building, which we expect to complete in 2007. The Copyright Renovation Project involves renovating and redesigning the floor plan of 140,000 square feet of the building and making life-safety upgrades. We are replacing over 275 eight-foot high teak panels in the building's hallways. These panels, made from state-of-the art fire retardant materials, not only improve life-safety but improve the appearance of the corridors.

In order to meet the Library's conservation requirements, we designed and constructed four secure storage facilities in the Serial Records Division in the Madison Building. These vaults are designed to protect and store materials classified at a higher level according to the Library's value rating system. In addition, we constructed a ramp that is compliant with the Americans with Disabilities Act to provide public access via the southwest entrance. We also planted trees, shrubs, and perennials as a finishing touch to the entrance renovation.

The first two phases of the construction of the NAVCC are occurring under a $150 million gift from the Packard Humanities Institute, the largest single donation ever made to the LOC. When completed, this facility will encompass approximately 450,000 square feet. The first phase added nearly 175,000 square feet of space primarily for collections. We began assisting with facility maintenance operations on November 7, 2005. The AOC began work in 2006 at our off-site facility, the Fort Meade, Maryland, Congressional campus, which will provide an additional 74,000 square feet of collections storage space when the project is completed in 2009.

We upgraded eleven lobbies in LOC buildings in 2006. These upgrades included the design and installation of security screening systems. We coordinated with the U.S. Capitol Police to ensure that systems designed for the Library were fully compatible with systems in other Congressional buildings. Upgrades to the Jefferson southeast lobby included the addition of marble wainscoting, patterned marble flooring, premium oak casework, and a finely crafted plaster ceiling.

One of our most important functions is the historic preservation of our stewardship assets. The Thomas Jefferson Building is over one hundred years old, and in 2006 we performed extensive preservation restorations. For example, we repaired the fourth of eight arches in the Main Reading Room. The restoration work, which took place approximately 100 feet above the finished floor, included scraping lead-based paint from the surface and repairing plaster cracks and decorative plaster elements. Because the arch is positioned above the visitors viewing gallery, it was necessary to provide a soundproof method for tourists to view the Main Reading Room without interrupting the patrons below. We completed the project and reopened the gallery to the public on schedule.

Additional preservation work at the Jefferson Building included completion of the fourth of six areas of the ground floor repainting project. This repainting project followed our discovery during the 1990 renovation of elaborate colors and designs under the "tan" walls. We performed extensive research, after which we began the color scheme replication process. Each panel was exposed through a chemical process, the patterns were traced, colors matched, and photos were taken for the record. We repaired damaged areas, primed walls, and reinstated the ornamental patterns.

A major milestone within the Library Superintendent's fire and safety modernization program was the completion of the sprinkler project in the Madison Building, which provides 100 percent area coverage, bringing the building up to current code requirements. Additional life-safety work in the Madison Building included installing new pumps and controllers in the east and west fire pump rooms and installing a new test header in the west room. In the John Adams Building, we installed ADA strobes in the public spaces. In addition, as part of a Hill-wide effort, 46 automated external defibrillators were placed within the Library buildings along with new signs and placards that match each building's design.

Botanic Garden

The United States Botanic Garden (USBG) receives more than 750,000 visitors each year. More than 12,000 visitors took advantage of a scheduled program or festival, and far more took a docent tour, used our PDA audiovisual tour, or interacted with a docent at one of our many discovery carts. The volunteer program, contributing to horticulture and public programs, exceeded 130 trained and active volunteers. Temporary exhibit highlights of the year included sLowlife – an exhibit about the behavior of plants sponsored by USBG, the National Science Foundation, the Chicago Botanic Garden, Indiana University, and the American Society of Plant Biologists; and the Plant Family Reunion – a

GARDEN CEREMONY

First Lady Laura Bush cut the plant garland to officially dedicate the National Garden in October 2006.

summer terrace exhibit that enabled visitors to get to know 12 different plant families. In the West Orangerie, the USBG certificate program in botanical illustration, conducted in partnership with the Corcoran College of Art and Design, launched its first exhibit of botanical art by students in the program.

Visitors enjoyed three exhibits, the Winter Holiday exhibit, Orchids in an Art Deco Garden, and Ports of Call, mounted in the Conservatory in partnership with the Smithsonian Institution. More than 55,000 visitors enjoyed our Winter Holiday exhibit, "Savor the Season," with its first-ever model train display on the Conservatory Terrace as well as a train exhibit inside for children.

Work was also underway throughout the year to prepare for the opening of the National Garden on October 1, capping an all-out effort to plant and fit out the three-acre garden. There was extensive planning for a ceremony overlooking the First Ladies Water Garden, where First Lady Laura Bush cut the plant garland to officially dedicate the National Garden.

We started several significant independent evaluation programs in 2006. The first is a year-long study of visitors' demographics and perceptions of the conservatory. This study is an effort to better know our audience and to evaluate the effectiveness of our conservatory exhibits, now approaching their sixth year of display. Effectiveness is a subjective indicator that we use to measure whether visitors are gaining the information from an exhibit that we intend them to receive. The second program is aimed at improving the visitor experience by establishing standards for amenities and exhibit maintenance.

BOTANIC GARDEN

Some behind-the-scenes improvements include upgrading our capabilities to handle plant collection data. We developed a new web-based means of organizing and tracking activities and facility use that provides internal coordination among the different divisions of the garden. Both of these projects were a joint effort of the Botanic Garden and the AOC's Information Technology Division.

Guided by our five-year plan, the United States Botanic Garden hired a conservation horticulturist to implement our plant conservation and sustainability program. With his leadership, the USBG held a national workshop on plant conservation, offered local training sessions on sustainable practices for home gardeners, hosted an exhibit on conservation work in the Potomac Gorge, adopted an invasive plant policy, and renewed our education efforts about endangered plant species. In conjunction with the Denver Botanic Garden, we offered an Applied Plant Conservation Training Program aimed at government professionals and peer organizations. We also established a partnership with the Lady Bird Johnson National Wildflower Center and the American Society of Landscape Architects to develop standards for a voluntary program to certify sustainable landscapes. We established an integrated pest management program in the Conservatory, which led to important successes and a reduction in the need for the use of toxic chemicals.

We made important progress in improving our visitor experience with the renovation of the classroom space in the conservatory to include a new sound system and teleconferencing capability. We upgraded our systems for handling plant collection data, and developed a new

web-based means of organizing and tracking activities and facility use that provides internal coordination among the different divisions of the Garden.

We completed a year-long self study when we applied for accreditation with the American Association of Museums. We expect accreditation in 2008. We began preparations to co-host the national meeting of the American Public Garden Association, to be held in Washington, DC, in 2007. We also launched a research partnership with the National Museum of Natural History, Department of Botany, to produce DNA signatures for medicinal plants in our collection.

Capitol Power Plant

The Capitol Power Plant began to provide electricity to the Capitol complex in 1910. It has since been converted to provide steam for heating and chilled water for cooling the Capitol and its 22 surrounding facilities, totaling approximately 15 million square feet. In addition to our daily activities, we continued our major expansion of our West Refrigeration Plant and embarked on the Utility Tunnel Improvement Project, which are detailed later in the Key Projects discussion.

We worked on multiple projects and initiatives throughout 2006. We replaced worn grate drive components on both of our coal boilers. We completed the conversion of a steam turbine driven feed water pump to an electric drive. We expect that this conversion will produce significant cost savings by eliminating auxiliary exhaust steam loss through the de-aerator vent. Because the equipment was only recently installed, we do not have enough information to determine potential cost savings. However, we plan to report cost savings in future performance reports. We also added a standby Flue Gas Re-Circulation Fan to the coal boilers to improve reliability by allowing us to operate either of the two coal boilers should the primary fan fail.

Our new fuel strategy, which we began in 2005, has enabled us to continue to use the least expensive fuel available. In 2006, this fuel was coal; however, we are capable of running on oil and natural gas if needed. Unfortunately, we did not realize significant cost savings from our fuel strategy in 2006 because of the failure in January of a grate drive for one of the boilers. We began needed equipment repairs and expect full replacement in 2007.

Over the next five years, the Capitol Power Plant will undertake several critical capital projects that will improve, and in some cases replace, existing infrastructure. In addition to improving existing infrastructure, these projects will improve potentially unsafe working conditions. These projects include but are not limited to repairing and replacing utility tunnels.

We have many projects planned for 2007 in addition to those mentioned above. We have planned a complete replacement of the grate drives with a modern grate system, including a Programmable Logic Controller-based control system. We will also continue valve replacement in the steam distribution system, which requires us to replace several valves that are over 50 years old. In addition, we intend to convert another steam turbine drive feed water pump to an electric

CAPITOL POWER PLANT

Our power plant provides steam for heating and chilled water for cooling buildings in the Capitol complex.

drive. Lastly, we intend to complete a new design to provide emergency power and HVAC services to the emergency response center located in the Administration Building Training Room.

KEY PROJECTS

There are four key projects taking place at multiple jurisdictions throughout the Capitol complex. These are the most highly visible projects and draw the most attention, especially in terms of performance and accountability. [Note: The Utility Tunnel Project, for which funding was received late in 2006, is not addressed in this report but will be a primary topic in the 2007 PAR.] We discuss them in detail to offer greater transparency of our activities at the AOC.

Capitol Visitor Center

When the Capitol Visitor Center opens, it will embody the same principles that guided the foundation of this country: freedom, universal access, and a deep respect for representational democracy. The Capitol Visitor Center, at nearly 580,000 square feet, is the largest addition to the Capitol in its 213 year history. It will welcome millions of visitors to the seat of our government, in a secure, educational, accessible, and convenient environment. Its location, completely underground, ensures that the historic grounds above remain unchanged. The CVC provides modern, efficient facilities for such functions as truck loading and deliveries, improvements to vertical circulation, and improved connections between the Capitol Building and the Library of Congress.

Progress on the CVC project continued aggressively during 2006, and we reached several important milestones. By late summer 2006, nearly all of the approximately 46,000 pieces of wall stone had been installed. We completed the ceilings in the Orientation Theaters, the Congressional Auditorium, and Emancipation Hall. Masons completed installation of 126,000 square feet of floor stone, and millworkers started installing decorative and acoustic wall panels. Last, we completed stone work in all 26 restrooms and began to commission the CVC's 23 elevators and six escalators.

We completed work on the East Capitol Street Utility Tunnel after nearly 18 months of construction and reopened the street to traffic. Near the end of 2006, the chilled water and steam lines began feeding the CVC's air handling system, allowing for the start of the commissioning process.

On the East Front Plaza, preservation contractors completed the reconstruction of the original historic lanterns, fountains, and seatwalls designed in the 1870s by Frederick Law Olmsted. In addition, we replaced a decorative paving pattern around the fountains and seatwalls, lost since the early 1900s, which adds to the aesthetics of the pedestrian-friendly plaza. We also completed six skylights during the summer. These allow natural light to illuminate the interior spaces and provide full and dramatic views of the Capitol Dome from within the CVC.

Overall, the construction progress during 2006 was remarkable. The CVC will expand the U.S. Capitol as the "People's House," offering free and open access for visitors to witness the workings of our legislative process. We will continue to manage the project with great prudence and the utmost respect for taxpayer dollars.

Supreme Court Modernization

In July 2003, we began the five-year Supreme Court Modernization project with two main goals — to replace virtually all of the original systems, including electrical, plumbing, and HVAC (which have been in the building since it opened in the first term of President Franklin Roosevelt's Administration over 70 years ago) and to build an underground two-story annex that will house the Court Police.

In 2006, we focused on the interior renovation in what is called the Northwest Quadrant. This work included demolition, asbestos abatement, mechanical and electrical work, and installing new windows. A substantial part of these efforts took place in the basement mechanical rooms. We also began work on the architectural finishes in this quadrant. The project is currently behind schedule, and in September 2006 we issued a "Cure Notice" to the contractor to request the remedy of unsatisfactory project performance.

Our plans for 2007 include the completion of the Northwest Quadrant work, which will allow the Court to resume occupancy of this area. We will also begin similar project activities in the Northeast Quadrant. In a continuing effort to improve efficiency and facilitate our efforts in the Northeast Quadrant, we plan to complete a "lessons learned" evaluation of the earlier work.

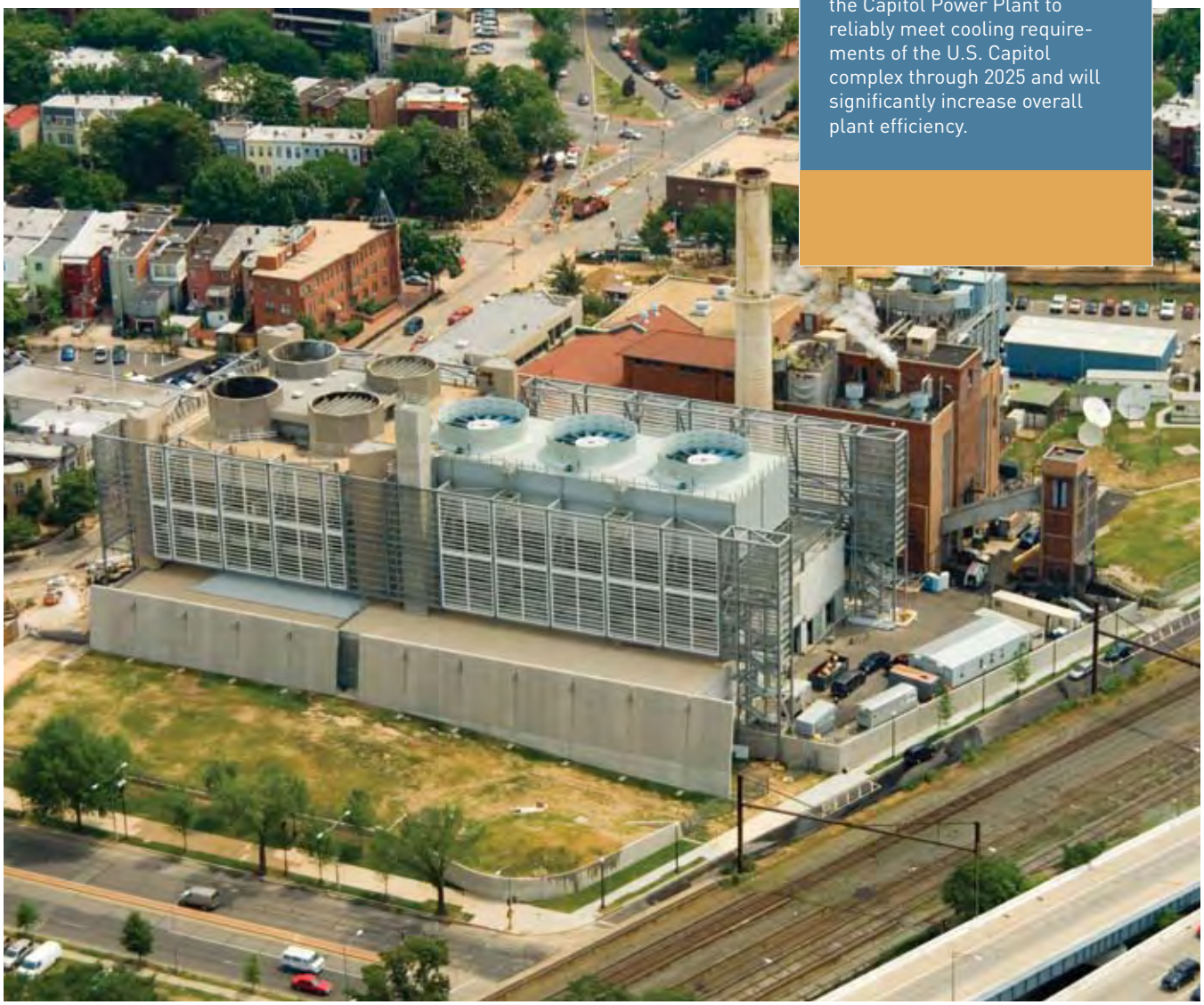
We anticipate that the project will be completed in 2009. Once it is finished, we will have the ability, well into the 21st Century, to better serve, house, and protect the Justices, over 400 Court employees, and the more than one million visitors who walk up the grand marble steps each year.

CAPITOL VISITOR CENTER

The Capitol Visitor Center (CVC) is planned to open in 2008 and is a 580,000 square foot structure located completely underground below the East Front of the Capitol. The CVC will provide a secure, accessible, and convenient educational environment for the millions of visitors who explore the Capitol each year.

WEST REFRIGERATION PLANT EXPANSION

The expansion of the West Refrigeration Plant will enable the Capitol Power Plant to reliably meet cooling requirements of the U.S. Capitol complex through 2025 and will significantly increase overall plant efficiency.



West Refrigeration Plant Expansion

The West Refrigeration Plant Expansion (WRPE) project is an ongoing construction project at the U.S. Capitol Power Plant. The main purpose of this project is to expand the existing West Refrigeration Plant to provide 16,200 additional tons of cooling capacity to the U.S. Capitol complex as well as convert the existing chilled water system to a primary/secondary pumping configuration and provide architectural and site improvements.

The chiller systems were brought on-line and certified in August 2006. We are currently performing operational function tests to verify that the chiller, pump, and valve control sequences all work properly. We also substantially completed the fire sprinkler and alarm systems. We expect to complete testing these systems in January 2007.

We plan to complete a number of additional project aspects in 2007, including those that we were unable to complete in 2006. The winter shutdown of the existing West Refrigeration Plant is one of the last phases of the project — when we integrate the piping and controls of the two plants.

We also plan to complete in 2007 the perimeter architectural fencing and begin operating the new chillers and secondary pumping systems. The final item will be the completion of the new WRPE distributed control system which will automate the plant operational control functions.

Perimeter Security Program

We began the Perimeter Security Program in 2001 to design and install the physical security elements defined by the Perimeter Security Master Plan. These include rated Capitol Police shelters, decorative bollards, hydraulic vehicle barriers, and stone-clad concrete planters integrated with existing walls and other grounds features. Many of the security measures that we are replacing or updating were temporary measures from the mid-1980s. An important goal of the program is to install state-of-the-art security equipment while, at the same time, maintaining the historical aesthetics of the buildings and grounds. When complete, security will be improved while still maintaining a sense of openness and accessibility to the Capitol.

In 2006 we completed perimeter security work at the Ford House Office Building, the Capitol Power Plant, the Library of Congress, and Capitol Square. We also continued implementing security measures at the Supreme Court and Senate Office Buildings.

We plan in 2007 to complete all remaining Security Master Plan items on and around Capitol Square. In addition, we will complete all work on the south side of the House Office Buildings, including the Longworth and Cannon Building garages.

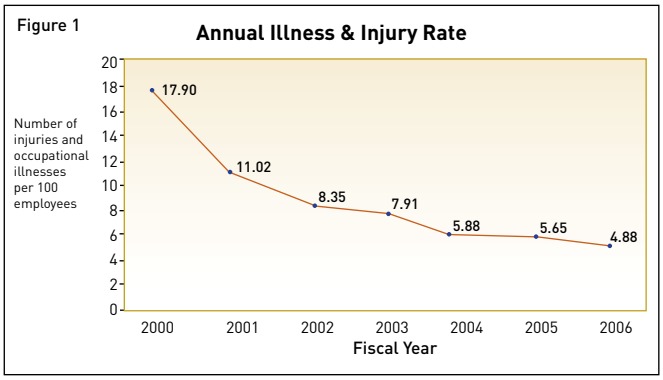
CROSS-CUTTING FUNCTIONS

There are some functions and processes that are common across the Capitol Complex:

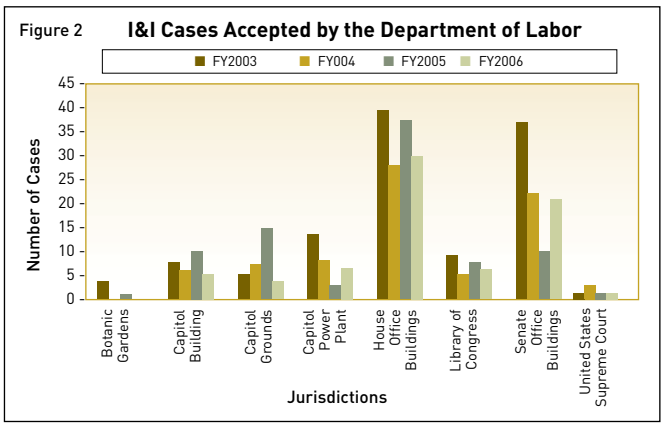
- Worker Safety,
- Capitol Complex Master Plan,
- Facility Condition Assessments, and
- Customer Satisfaction.

Worker Safety

For the sixth year in a row, the AOC's injury and illness (I&I) rate decreased. From a high of 17.90 cases per 100 employees in 2000, we have dropped to 4.88 cases per 100 employees just six years later. In the past year alone, the decrease was 13.6 percent. To put these statistics in perspective, had the decrease from the 2000 rate never occurred, there would have been an equivalent of 1,376 additional injuries and occupational illnesses over the last six years. Figure 1 depicts the decrease in the I&I rate since 2000.



Creating a safer workplace for our employees has not been the result of any single person or policy but, rather, a common commitment by employees, first line supervisors, managers, and senior leadership to make safe job performance an AOC priority. Figure 2 depicts the I&I rate for each jurisdiction.



The Capitol Grounds jurisdiction saw a 50 percent reduction of employee accidents and injuries from 2005, and this was directly related to the support from the jurisdiction's new safety officer's efforts. The House Office Buildings jurisdiction participated in the Office of Compliance inspections of all HOB shops. These are comprehensive safety and fire inspections of facilities and operations. After the 2005 inspections, HOB had safety specialists conduct self-audits and follow-up audits. This new procedure resulted in a significantly lower number

of deficiencies in 2006. In addition, the Supreme Court accomplished over 420 consecutive injury-free work days. The Senate Office Buildings jurisdiction also continued to provide activities and training to decrease occupational injuries, including conducting daily toolbox talks on accident prevention.

Capitol Complex Master Plan

The Capitol Complex Master Plan (CCMP) is a framework for conducting intermediate project planning over the next 20 years. Incorporating the results of the Facility Condition Assessments (described below), the Plan ensures that we are well-prepared for facility renewals and future growth. The creation of the CCMP is a significant step forward in our long-term planning process since the last CCMP was published in 1981. The CCMP will also assist Congress and us in making current and future capital improvement decisions that fit with the long-term vision for the Capitol complex.

The development of the CCMP is progressing as planned. Several of the documents that comprise the CCMP are going through a final edit in preparation for Congressional and stakeholder briefings in 2007. The plan also lays out the Capitol complex's projects on a 20-year timeline for the purpose of physical and financial planning.

Facility Condition Assessments

We use Facilities Condition Assessments (FCAs) to create a baseline for building conditions, compare conditions among facilities, set goals, determine funding requirements, and track facilities investment and the management of the five-year Capital Improvement Program. They include information from physical surveys; reviews of recent plans; reports or studies; and interviews with current facility managers, staff, and others. FCAs provide the basis for determining which projects are included in the Capital Improvements Plan, and for setting priorities for these projects. Our Strategic Plan has established guidance for conducting annual FCA updates for the facilities under our care.

FCAs provide a detailed building systems inventory, an existing conditions assessment, and a Capital Projects Plan to help us maintain and preserve the national treasures entrusted to us. We use FCAs to prioritize projects for budget requests. This increases our accountability by enabling us to show a direct correlation between facility needs and budget plans. We evaluate each proposed project based on a scorecard that provides a measurement of the current state of the facility and enables us to develop a proactive plan for facility maintenance and renewal.

During 2006, we conducted and completed FCAs for the Capitol Building, the Senate and House Office Buildings, U.S. Capitol Police Buildings and Grounds, Botanic Garden, the Capitol Power Plant (excluding the utility tunnels), Thurgood Marshall Federal Judiciary Building, and the Capitol Grounds. Future FCAs include the Library of Congress' John Adams, James Madison Memorial, and Thomas Jefferson Buildings.

Customer Satisfaction

We take great pride in keeping our customers (Members of Congress, Committees, and Staff) satisfied. We conduct annual customer satisfaction surveys to identify areas for further improvement. This year's surveys demonstrated that, while our customers are satisfied with much of our work, there are still areas in which we should improve. The Capitol Building had an average overall satisfaction rating in 2006 greater than 95 percent—with ratings improving from the previous year in seven categories and remaining stable in one category. In the House Office Buildings, three of eight categories saw improvement with an average rating of 88 percent. The Senate Office Buildings surveys yielded favorable results with an average satisfaction of more than 90 percent. Lastly, at the Library of Congress, five of seven categories rated greater than 91 percent and the two remaining categories received greater than 84 percent satisfaction.

CENTRAL ADMINISTRATIVE AND MANAGEMENT FUNCTIONS

The jurisdictions would not be able to maintain and operate the facilities under the purview of the Architect of the Capitol were it not for the daily support from the various management and administrative offices, or "central staff," which provide services on an organization-wide basis. These include such functions as human resources, budgeting and accounting, project management, procurement, information systems, care and conservation of works of art, safety, and security.

During 2006, there were many noteworthy accomplishments of the central staff:

- Received a clean opinion on all of the AOC FY 2006 financial statements from our independent auditor Kearney & Company, PC, for the second consecutive year. This was the fourth consecutive year that our balance sheet received a clean opinion.

- Began developing a cost accounting system that will provide managers with cost and performance data to improve decision making on operations, safeguarding assets, controlling resources, and ensuring objectives are met.
- Refined the priority-setting process for facilities master planning to include immediacy, category of work to be performed (e.g., deferred maintenance, capital renewal), and nature of the work (e.g., life-safety, historic preservation).
- Reduced cost of projects completed in 2006 by 25 percent and completed 32 percent more projects in 2006 than in 2005.
- Implemented a new inventory control system that includes handheld scanners and bar-code printers for real-time property accounting and have documented a 99 percent accuracy rate in the past two years (compared to 84 percent in 2004).
- Resolved 92 percent of employee requests for alternative dispute resolution assistance.
- Implemented an Information Technology (IT) Quality Assurance Program and a Change Control Process which governs all modifications.
- Were one of a few federal organizations which completed a successful IV&V against GAO's Enterprise Architecture Management Maturity Framework (EAMMF) and met 28 of the 31 core elements defined in GAO's framework and partially met two of the remaining items.
- Developed a Procurement Overview Portal which distributes and tasks procurement workload.
- Reorganized the functions of project management, design, technical support, facilities planning and programming, and construction under a Director of Planning and Project Management.
- Prepared a report on our energy consumption and conservation programs in response to the Energy Act of 2005 that will serve as a baseline for future reporting.

The central staff is comprised primarily of offices under the purview of the Chief Financial Officer, the Chief Administrative Officer, the Director of Planning and Project Management, the Director of Safety, Fire, and Environmental Programs, and the General Counsel.

Office of the Chief Financial Officer

There are four divisions within the Office of the Chief Financial Officer — Accounting, Budget, Financial Management Systems, and Workforce Planning and Management. These Divisions are overseen by the Chief Financial Officer.

The **Accounting Division** provides direction, planning, and oversight for financial policy, procedures, reporting, and accounting operations. The financial statements prepared by this division are reviewed annually by an independent accounting firm. FY 2006 was the second year that all our financial statements underwent audit and represents the fourth consecutive year that our balance sheet received a clean opinion. In addition, we met a major milestone this year by greatly accelerating the audit timeline. This was a notable accomplishment for the AOC and illustrates that our systems have matured and we have integrated financial processes throughout the organization. Working closely with our Financial Management Systems Division, we were able to develop a new inventory management system capable of accurate, real-time information that will help the AOC control audit records to support cost accounting and financial reporting, with the aim of better controlling our finances and reducing operating costs. We also undertook the development of our cost accounting system, a managerial tool and method used to measure cost and performance.

The **Budget Division** is responsible for preparing, presenting, and executing all of the appropriated funds that the AOC receives from the Congress and providing financial management support within the AOC. The Budget Office assisted the facilities Planning and Project Management staff with developing an AOC-wide master planning system, which integrates life-safety issues, preservation of historic elements, economics, physical security for large capital project requests, and increased demands on operations and maintenance.

The **Financial Management Systems Division** is responsible for implementing, maintaining, and supporting the AOC's financial systems and integrating the financial systems with other legacy systems. Working with the Accounting Division, this division implemented a new Inventory Control System, which included supplying handheld scanners and bar-code printers to jurisdictions. With these devices, personnel can better record inventory usage, perform cycle counts, and more accurately verify accountable property on a real-time basis. The new program has increased the accuracy of inventory balances. In both 2006 and 2005 there was an accuracy rate of 99 percent compared to 84 percent in 2004 and

73 percent in 2003. Full inventory counts began in January 2007.

The **Workforce Planning and Management Division** manages position authorization and the allocation of full-time equivalency ceilings. This division works with senior managers in short- and long-range workforce planning including program needs, hiring and attrition trends, and skills surveys.

Office of the Chief Administrative Officer

There are six divisions within the Office of Chief Administrative Officer (CAO) — Equal Employment Opportunity and Conciliation Programs, Human Resources Management, Information Technology, Curator, Procurement, and the United States Senate Restaurants.

The **Equal Employment Opportunity and Conciliation Programs (EEO/CP) Division** administers the AOC's Conciliation Program, which provides internal AOC procedures for claims of alleged employment discrimination based on race, color, sex, national origin, age, religion, or disability, and for claims of EEO-based retaliation, and handles non-EEO employment-related issues using various forms of alternative dispute resolution, such as counseling, investigation, facilitation, and intervention. In 2006, 78 percent of AOC supervisors participated in our training sessions.

The **Human Resources Management Division** works to acquire, nurture, and retain a high-caliber workforce, and advises the Architect and Chief Operating Officer on policy, federal regulations, and laws governing human resources. A key effort was the development and implementation of an integrated web-based system to meet the full range of the AOC's human capital needs and support contingency operations. The Personnel Action Request system now provides for complete electronic submissions and approval of all personnel action requests.

The **Information Technology Division** manages the AOC's information technology needs and allocates IT resources, upon which we are dependent for day-to-day operations. One of our greatest challenges is to integrate today's required infrastructure, like wiring for the internet, in historical buildings that are more than 70 years old. We developed a framework for IT project prioritization, selection, tracking, and management that focuses on costs and benefits as well as minimizing the potential overlap among projects, and continued the Platform Consolidation Program by focusing on server consolidation and deploying virtual server technologies. We also improved AOC's ability to recover data and operations by installing better backup hardware, software, and procedures.

The **Curator Division** oversees the care and conservation of the works of art under the Architect's purview and the preservation of other heritage assets, such as the historical records of the AOC. The Curator completed the conservation of the eight historic gilded frames in the Rotunda and the sixteen historic benches beneath them and continued the conservation of the murals painted in the Senate Appropriations Room by Constantino Brumidi in 1857–1858. The Curator's Photography Branch also produces photographs and video, preserves and maintains the photographic archive, and preserves and makes available the historical records of the AOC. The Records Center and Archives serves as the repository for the 19th-century manuscript records and non-current 20th- and 21st-century construction and project records, including over 165,000 architectural and engineering drawings.

The **Procurement Division** is responsible for procurement throughout the organization and solicits, awards, and administers contracts. This division develops procurement guidance and policy and works directly with vendors to make the procurement process function efficiently. A recent enhancement is the development of a procurement workload distribution, tracking, and administration system.

The CAO administers the **United States Senate Restaurants'** multiple dining facilities, subject to the approval of the Senate Committee on Rules and Administration as to matters of general policy. The U.S. Senate Restaurants provide food-service and catering support to the Senate. The food service operations managed by the U.S. Senate Restaurants include the U.S. Senate Dining Room, the Public/Press Dining Room, a full-service banquet and catering operation, and multiple cafeterias, snack bars and sundry shops located in the Capitol as well as in Senate office buildings.

In addition, the CAO manages offices supporting the AOC's strategic planning, quality management, and employee assistance programs. The Strategic Planning Office develops and maintains the organization's Strategic Plan and tracks compliance with the goals and objectives specified therein. It also maintains the AOC's General Administration budget and serves as liaison with the Government Accountability Office (GAO) and other external agencies regarding major agency audits. The Quality Management Office develops and administers the AOC's quality management and evaluation program and maintains metrics and

data supporting its performance management program. The Employee Assistance Program provides assistance and counseling for AOC employees experiencing personal problems, issues, or concerns impacting their work-life and well-being.

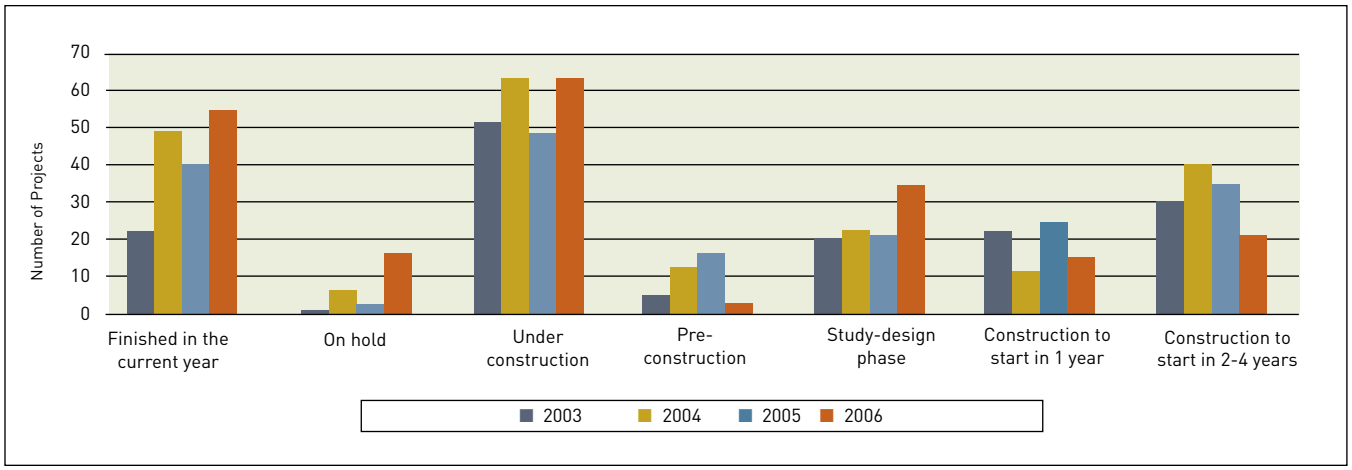
Office of Planning and Project Management

In 2006, the AOC created a new executive position, the Director of Planning and Project Management, who oversees Project Management, Design Services, Technical Support, Facilities Planning and Programming, and Construction.

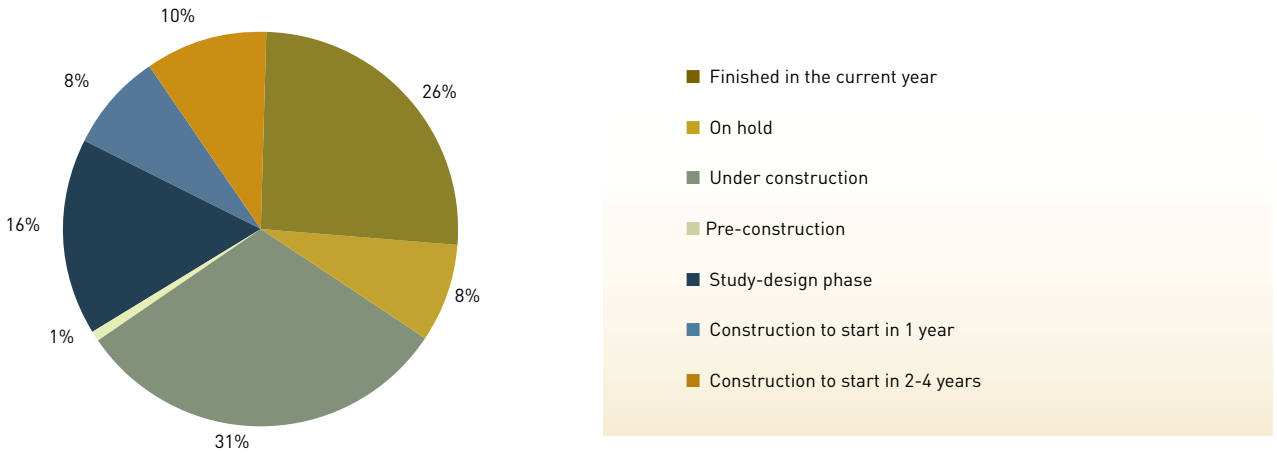
The **Project Management Division** manages the design and construction projects in AOC's existing buildings. This division monitors projects through quarterly reports — which provide cost, schedule, and contract status — and publishes monthly performance metrics for internal use and Quarterly Construction Progress Reports of performance metrics for external use.

The **Design Services Division** is primarily responsible for the technical design, oversight, and project management services for studies and execution of projects. In 2006, the preservation policy was linked to the AOC's Master Plan for Preservation Initiatives and to the capital improvement plan. The first piece of the Historic American Building (HAB) Survey for the Capitol was initiated by surveying the Old Senate Chamber to create an archival set of architectural drawings so that if the room were destroyed, it could be recreated from these drawings.

Projects in Progress Figure 3



Status of Projects in 2006



The **Technical Support Division** develops, maintains, and enhances cost control, construction specification, and computer-aided design (CAD) systems by providing specialized CAD, cost-estimating, specification, graphic design, project tracking and scheduling, and criteria and standards development services that adapt to both federal practice and the unique environment of the Capitol complex.

The **Facilities Planning and Programming Division** is responsible for project delivery. During 2006, 54 projects were completed, or "capitalized." These included modernization projects for the Ford House Office Building, the Supreme Court, and the Senate. We also upgraded the audiovisual capabilities of the Botanic Garden, preserved many different aspects of the Library of Congress' Thomas Jefferson Building, and assisted with the Perimeter Security Program for the Ford House Office Building, Capitol Power Plant, and Library of Congress. Many take more than one year to complete; thus, projects are in various stages of progress, from design to completion. Figure 3 on page 31 shows the different stages of projects during each of the last four years.

We have made significant progress to increase the number of projects completed each year and decrease the number of projects for which construction has not started. In 2006, the number of projects completed was 32 percent higher than the previous year and the number of projects for which construction had not started was 37 percent lower than the previous year. This is due to more accurate planning and oversight of projects. Figure 4 depicts the aforementioned improvements. Figure 5 shows that our costs in 2006 significantly decreased from the previous year for completed projects and projects not yet started. Costs in 2006 for projects for which construction did not start decreased by 42 percent. Similarly, costs in 2006 for completed projects decreased by 25 percent. This decrease is noteworthy because of the previously discussed increase in completed projects.

The **Construction Division** provides minor construction support to the jurisdictions, typically when construction requirements are beyond a jurisdiction's in-house capability. This provides agility, flexibility, and institutional knowledge to handle the variety of construction requirements that occur because of unpredictable events and changes. When the need arises, we can react immediately to complete the work with an internal workforce instead of contracting with an outside vendor.

Office of Safety, Fire, and Environmental Programs

The Safety, Fire, and Environmental Programs Office is responsible for developing AOC-wide policy, providing technical support to jurisdictions to implement and comply with policy requirements, and providing monitoring and oversight of our compliance with regulatory and policy requirements. In the environmental area, concentration was placed on upgrading our hazardous waste management program, obtaining

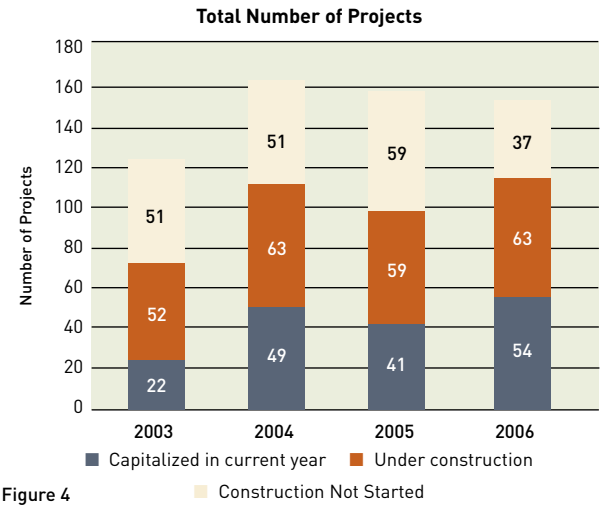


Figure 4

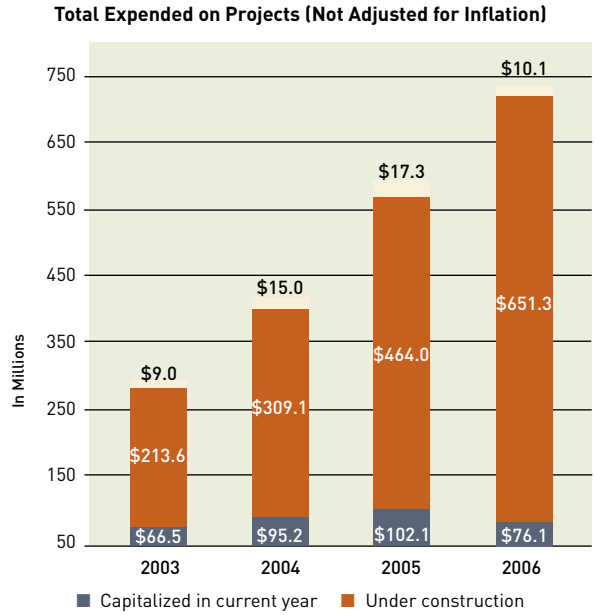


Figure 5

permits for our air emission sources, and inspecting our underground storage tanks. As the Capitol Visitor Center nears completion, the AOC Fire Marshal will play an increasing role in testing the fire alarm systems and issuing an occupancy permit. Staff is working with the District of Columbia on new air emissions sources; coordinating with the District's Water and Sewer Authority on wastewater discharges; and developing and updating the AOC's Spill Prevention, Control, and Countermeasure plans.

Office of the General Counsel

The Office of the General Counsel (OGC) provides legal advice and counsel to the Architect, senior staff, and others within the organization on matters involving procurement and acquisition, contract claims and litigation, real property law, environmental law, employment law, labor law, occupational safety and health law, tort, and other areas of law where the organization has an interest or issue. The OGC serves as the supervising ethics office for the AOC, and reviews financial disclosure forms filed by senior AOC employees with the Clerk of the House of Representatives. The OGC also represents the organization in administrative hearings directly or through private lawyers under contract, and the OGC arranges for legal representation by the Department of Justice in judicial proceedings.

PERFORMANCE HIGHLIGHTS

The performance measures detailed in the PAR are based on our four Strategic Goals:

- **Goal 1- Facilities Management** Maintain and preserve the national treasures entrusted to our care by providing timely and quality facilities management and related support services to our clients.
- **Goal 2- Project Management** Enhance the national treasures entrusted to our care by planning and delivering timely and quality projects.
- **Goal 3- Human Capital** Attract, develop, and retain diverse and highly motivated employees with the skills, talents, and knowledge necessary to support the organization's mission.
- **Goal 4- Organizational Excellence** Provide the highest quality services to our clients through improved business programs, processes, and systems.

We had a total of 20 performance measures, of which we met or exceeded our targets for 75 percent (15 performance measures). The table below provides a summary of the status of performance measures for each goal. A full account of our performance measures and work done to reach our targets can be found in the Performance Information Section.

AOC Strategic Goal	Target Met	Target Not Met	Total
Goal 1 – Facilities Management	2	1	3
Goal 2 – Project Management	3	0	3
Goal 3 - Human Capital	4	0	4
Goal 4 - Organizational Excellence	6	4	10
Total	15	5	20

FINANCIAL HIGHLIGHTS

The AOC's audited financial statements and footnotes appear in the financial section of the PAR. These financials received, for the second consecutive year, an unqualified audit opinion issued by our independent auditors. Although the AOC is not required to have its financial statements audited, we have initiated annual audits to support our goal of improving financial management and responsibly managing the resources entrusted to us.

Financial Statements and Results

Summary of Independent Auditor's Report Findings

(Please refer to the Independent Auditor's Report on Internal Control in the Financial Section.)

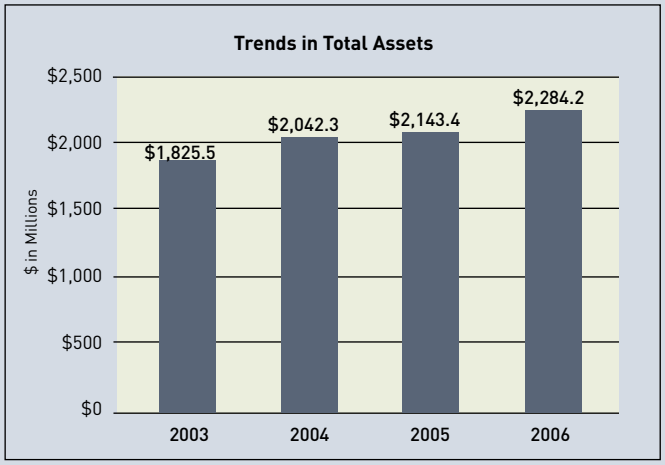
Material Weaknesses	
Internal Control Assessments (Repeat Condition) AOC has not completed a formal and systematic assessment and evaluation of the design and operation of internal controls. Although AOC has completed an assessment of the procure-to-pay process and has partially completed the human resource and time and attendance processes, it has not yet addressed the project management process. In the absence of a complete assessment, AOC cannot determine if its current internal control design mitigates existing risks and effectively safeguards assets.	**Auditor's Recommendation:** AOC should complete and document internal control assessments that evaluate the effectiveness of the design and operation of its internal control structure, including the identification of risks to material accounts and the existence of internal controls to mitigate those risks. Although AOC is not subject to OMB Circular A-123, Management's Responsibility for Internal Control, the independent auditor recommended that AOC consult the "Implementation Guide for OMB Circular A-123 Appendix A Internal Control over Financial Reporting" (the Guide). **Management's Response:** We agree with the recommendation. We will consult the Guide for implementation guidance. Our implementation has been slowed for several reasons. First is our inability to attract a qualified candidate to lead the effort and to staff the initiative. We have had to change our approach for budget reasons. We also have had delays due to the significant effort to get an automated monitoring tool, which will alleviate some of the administrative tasks associated with the attestation process. Additionally, the tool will enable real-time reporting on several aspects of the program not currently feasible. The monitoring tool is close to completion.
Annual Leave (Repeat Condition) AOC had instances in which maximum leave carryover balances were exceeded and leave balances in the WebTA and STAR Web time and attendance systems did not match National Finance Center (NFC) payroll system balances. While AOC has demonstrated improvement in this area, the controls structure does not yet reduce financial misstatement risk to an acceptable level.	**Auditor's Recommendation:** AOC should develop a process in which annual leave amounts in the WebTA and STAR Web systems are reviewed for accuracy and compared to amounts in the NFC payroll system. **Management's Response:** We agree and have taken actions to alleviate this situation, including establishing a leave audit team in the Payroll and Processing Branch (formerly Employee Benefits and Service Branch) to work with the jurisdiction timekeepers. These timekeepers were provided with an electronic leave audit form to be used to conduct leave audits as well as additional training. They were also provided with a number of new tools to maintain accurate leave balances and were instructed to provide Human Resources (HR) with a completed leave audit that has been certified in order for HR to process corrections. HR will return the leave audits to the timekeeper if they are not certified. We have also developed a quarterly review by managers of leave errors. We are still conducting leave audits for those employees that were found by the independent auditor in 2005 to have exceeded maximum carryover balances. We plan to conduct leave audits for those employees found by the independent auditor in 2006 to have exceeded maximum carryover balances.
Time Recordation, Processing, and Approval Procedures (Repeat Condition) Instances were identified in which AOC's time recordation and payroll was not properly authorized. These included (1) timekeeper certification and supervisor approval being made by the same individual, (2) timekeeper input of an employee's time and attendance was not independently reviewed for accuracy, (3) missing overtime approval forms or authorizing signatures, and (4) leave request forms not approved prior to leave being taken.	**Auditor's Recommendation:** AOC should develop procedures to ensure policies concerning the approval and entering of time are enforced. **Management's Response:** We partially agree and have implemented actions to address the findings: (1) and (2) no longer occur; (3) the overtime policy was implemented in June 2006, and some of the independent auditor's samples date to the period prior to the implementation of the new policy; (4) AOC policy provides for verbal request and approval of leave prior to receiving written approval. Furthermore, we have directed managers to implement AOC-defined internal controls for review of time and attendance records to ensure they are properly authorized and documented.

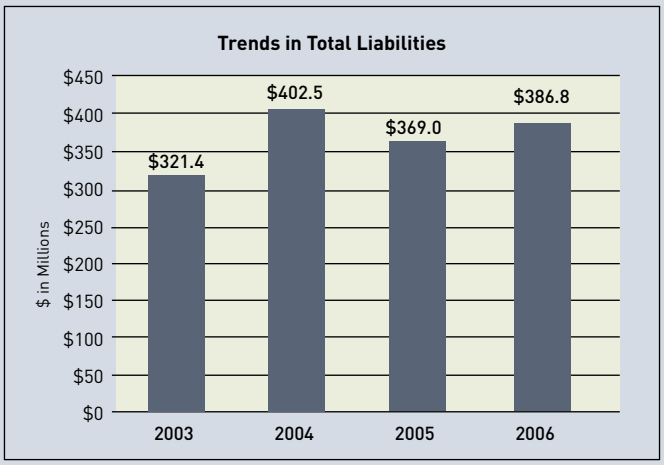
Material Weaknesses	
Risk Assessment Updates (New) Regarding internal controls, AOC does not have a formal, documented process to monitor the internal and external environment, to identify changing risk profiles or to respond accordingly. Specifically, AOC did not implement additional controls to reconcile the payroll data transmitted to and received from NFC (as recommended by NFC) as an appendix to their qualified SAS 70 opinion. Additional tests performed in response to the event were predicated on individual efforts rather than a repeatable and sustainable systemic effort.	**Auditor's Recommendation:** The independent auditor recommended implementation procedures to monitor and identify changing risks. Also, AOC should reconcile NFC payroll data transmission to data receipt including, at a minimum, jurisdictional employees and hours. **Management's Response:** We agree and are looking into the establishment of a Senior Assessment Team (SAT) as recommended in the CFO Council's Implementation Guide. The SAT provides oversight and accountability for the organization's internal control over financial reporting. Their responsibility is not intended to be an annual exercise, but rather a continuous effort throughout the year. We will also explore additional methods of reconciling NFC payroll data transmission to data receipt including jurisdictional employees and hours.
Internal Control Design and Management of the Purchase to Disbursement Process (New) No organization or entity within AOC can affect or is accountable for changes to the collective control structure nor performs documented oversight of the collective purchase to disbursement process. AOC has decentralized many components of the purchase and disbursement process. A decentralized process lacks central monitoring and oversight, which results in a weakened control environment. Additionally, individuals from three divisions were identified with access and the ability to modify the vendor database, with no process to ensure the propriety and accuracy of changes. Supervisors also do not approve vendor requests before new vendors are created in the system.	**Auditor's Recommendation:** AOC should assign formal authority for the oversight and monitoring of the collective purchase to disbursement process including risk assessments and control design. These assessments should focus on interchange points between process participants to ensure that financial statement risks are adequately mitigated. Access to the vendor database should be limited to a select number of individuals, and proposed charges should be reviewed and approved before data entry, which should be reviewed for accuracy by a third party. **Management's Response:** We agree in part regarding the number of persons who have access to the vendor database and the lack of a process for submitting requests for a new vendor code number. We are defining a process for the jurisdictions to follow when requesting a new vendor code number. We also plan to limit the authority and access to enter vendor code numbers to two individuals and assign overall responsibility for the oversight of the vendor database to the Financial Management Systems (FMS) Division, which would limit involvement of the Accounting and Procurement Divisions.
Reportable Conditions	
Information Systems Controls (Repeat Condition) AOC has made improvements to their overall information systems security program (ISSP) since the completion of 2005 audit. However, AOC still has areas of weakness that should be addressed reported within the Entity-wide Security Program, Access Control, and Service Continuity.	**Auditor's Recommendation:** The independent auditor's recommendations included that AOC should conduct a comprehensive risk assessment using National Institute of Standards and Technology (NIST) methodology to identify risks and implement appropriate mitigating controls to address the vulnerabilities, including those identified in audit reports. AOC should complete the implementation of the security plans and require security awareness training of all staff and specialized training of IT security staff. AOC should also develop a formal process to address observations from security reviews, which should include independent evaluation of the corrective action. In addition, AOC should develop and implement user account management procedures to ensure timely removal or modification of user accounts and assigned privileges. **Management's Response:** We agree with the recommendations. We have been planning our approach to improve the overall AOC information systems security posture which includes the actions recommended by this audit report. Our approach to the audit recommendations would be: 1) Ensure AOC ISSP incorporates all the required information system controls including the risk management, security policy requirements, roles and responsibilities, access control, continuity of operations, continuous monitoring requirement, etc.; 2) Develop a detailed action plan for each area of weakness to accomplish the actions in a short or long term time period considering its priority and feasibility to achieve; 3) Take actions for the items that we can fix with our current resources and capability that have high priorities in the first phase; and 4) Develop mid and long term plans for those items requiring additional resources, skills, and based upon their priority/criticality. Then, take actions as resources or funds become available. Currently, we are working on improving system access (internal and external) controls and continuous monitoring areas of controls.

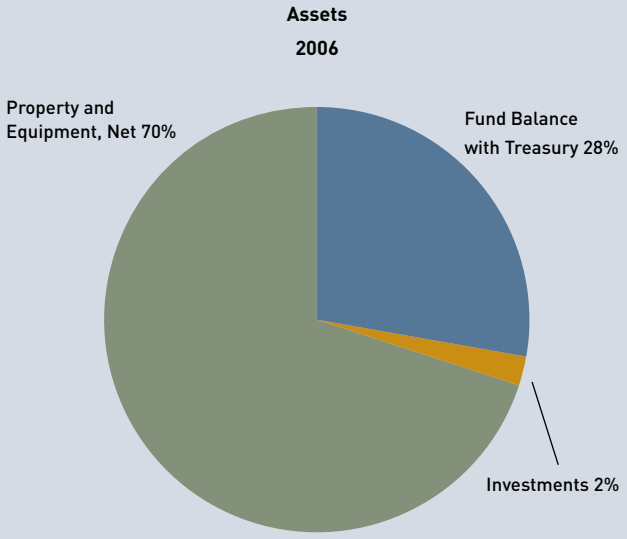
Introduction to the Financial Statements

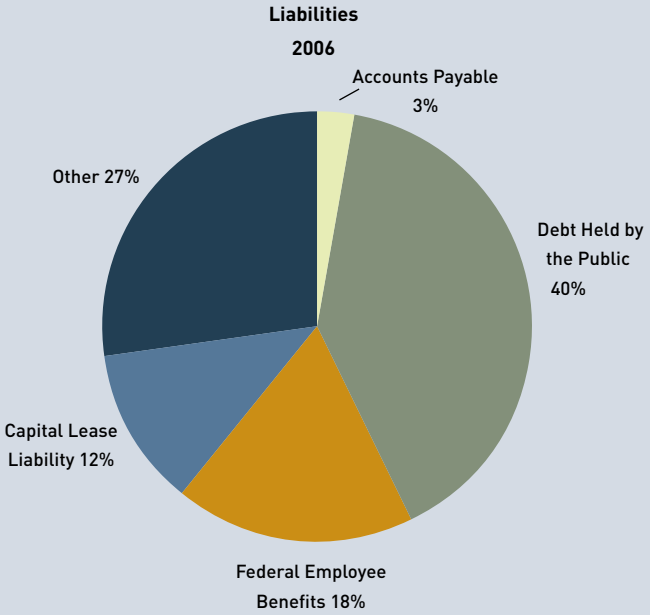
As background, in the early 1990s, several Acts were mandated for the executive branch of government in order to provide accountability to the people as well as provide tools to better manage resources. The Architect of the Capitol has adopted many of the best business practices implemented by the executive branch. In 2002, the AOC produced its first set of financial statements. The full set of financial statements includes a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and Statement of Financing. The AOC's statements are compiled using Office of Management and Budget (OMB) guidance (Circular A-136), and the Federal Accounting Standards Advisory Boards (FASAB) standards, concepts, and interpretations as the measuring criteria.

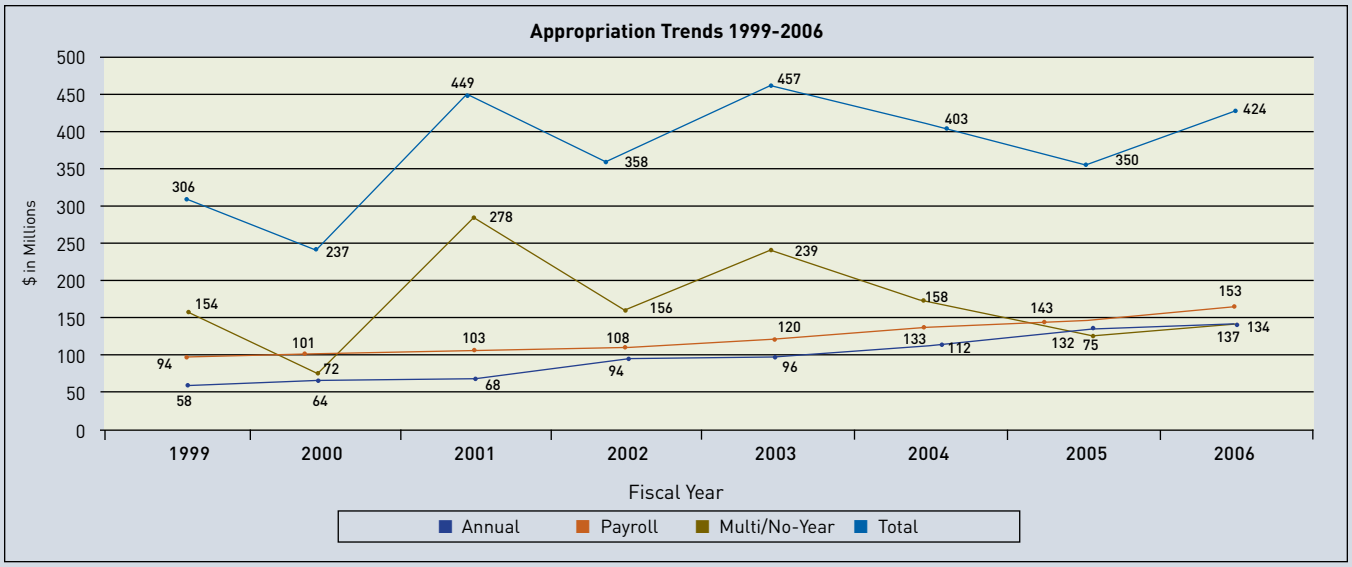
FINANCIAL POSITION











GUIDE TO READING THE FINANCIAL STATEMENTS

(Please refer to the Principal Financial Statements in the Financial Section.)

1) What is a Balance Sheet, and what information does it provide?

The balance sheet is a display, for a specific time period, of the amount of future economic benefits owned or managed by the reporting entity (AOC), amounts owed by the entity (liabilities), and amounts which comprise the difference (net position), exclusive of items subject to stewardship reporting (assets). This statement provides a "snapshot" of our financial position. In order for the Balance Sheet to "balance," the top of the Balance Sheet (Total Assets) must equal the bottom (Total Liabilities plus Net Position). Assets available for our use (Entity Assets), as well as those not available for our use (Non-Entity Assets), are combined and presented on the face of the Balance Sheet. We disaggregate and describe these assets in the Notes to the Financial Statements.

2) What is Fund Balance with Treasury and why did it decrease?

Fund Balance with Treasury (FBWT) is similar to a bank account. In this case, the AOC's bank is the United States Treasury. Like a bank account, FBWT increases from receipts of monies from: (1) Congressional action, such as appropriations, re-appropriations, continuing resolutions, appropriation restorations, and allocations; and (2) transfers and reimbursements from other federal agencies. It also increases by amounts borrowed from the Treasury, the Federal Financing Bank, or other entities, and amounts collected and credited to appropriation or fund accounts. FBWT decreases by: (1) disbursements made to pay liabilities or to purchase assets, goods, and services; (2) investments in U.S. securities (securities issued by Treasury or other Federal Government agencies); (3) cancellation of expired appropriations; (4) transfers and reimbursements to other entities or to the Treasury; and (5) sequestration or rescission of appropriations. (See US Standard General Ledger, USSGL, account 1532, "Seized Cash Deposited"). Similar to a bank account, the amount shown as Fund Balance with Treasury is cumulative.

In a budget-driven organization, Status of Funds is equivalent to Fund Balance with Treasury. We detail our Status of Funds below.

Fund Balance with Treasury decreased by $20 million in 2006 compared to 2005, primarily due to the three major on-going projects (CVC, West Refrigeration Plant Expansion, and Supreme Court Modernization).

Status of Funds as of September 30, 2006 and 2005

	2006	2005	Difference
Obligated not Disbursed	$ 361,657,691	$ 376,952,758	$ (15,295,067)
Unobligated Available	235,600,174	243,011,097	(7,410,923)
Unobligated Unavailable	34,976,700	32,675,488	2,301,212
Status of Funds	**$ 632,234,565**	**$ 652,639,343**	**$ (20,404,778)**

3) There are two items titled Investments. What does the AOC invest in and why?

The AOC has two types of investments: one investment is for the National Garden Trust Fund (NGTF); and another is for the Thurgood Marshall Building. The reason for the segregation of the investments is that the NGTF is invested with another government agency (called an intragovernmental investment), and the Thurgood Marshall Building is invested with a private entity (called a non-intragovernmental investment). Below is a description of the two investments.

Intragovernmental

This line item reflects the value of the NGTF investment as of September 30, 2006. The NGTF's monies are invested in overnight securities, Treasury Bills, Treasury Notes, and Treasury Bonds with the Bureau of Public Debt using their web-based application FedInvest. Subsequently, the investment is used to pay for the construction of the National Garden. The decrease from 2005 to 2006 was due to progress payments made for construction of the garden.

Non-Intragovernmental

This line item reflects the book value of the investment of the Thurgood Marshall Building certificates. In 1988, we entered into a contractual agreement with Boston Properties for the construction of the Thurgood Marshall Federal Judiciary Building. To finance the construction of the building, Shearson Lehman Hutton, Inc., and Kidder, Peabody, & Co., Inc., issued 30-year Serial Zero Coupon Certificates of Participation. Presently, the monies received for the sale of the certificates are in trust with the Bank of New York in two funds, the Operating Reserve fund ($31.9 million) and the Project fund ($1.3 million). The increase is due to interest earned on the investment.

4) What makes up Accounts Receivable?

According to Circular A-136 of the White House Office of Management and Budget (OMB), accounts receivable are "Federal entity claims for payment from other entities..." (Federal or Non-Federal). At September 30, 2005, the AOC was awaiting a payment of $20 million from the Capitol Preservation Fund for the Capitol Visitor Center. This amount is also presented on the Statement of Budgetary Resources under Relationship of Obligations to Outlays. We received this amount in 2006, to which we attribute the majority of the decrease.

In the section regarding the Statement of Changes in Net Position, there is a line item titled "Transfers – in/out without reimbursement" for $65 million. This line discloses the amount of authority transferred from the Capitol Preservation Fund for construction expenses related to the Capitol Visitor Center. On the Statement of Budgetary Resources, there is a line item titled, "Transfers from trust funds". This amount also reflects the transfer of authority during 2005 from the Capitol Preservation Fund. We received only $45 million in actual funds; thus the receivable is still shown on the statements.

5) Why is Inventory (materials and supplies) not on the balance sheet?

For financial statement purposes, inventory is referred to as Operating Materials, which the AOC recognizes using the "purchases" methodology. This methodology mandates that operating materials be recorded as expense at the time of purchase.

6) What is Property and Equipment, and what does it consist of?

(A) Property and Equipment is made of the following categories: General Property, Heritage Assets, Multi-use Heritage Assets, and Stewardship Land. Property and Equipment can be further segregated into numerous classifications: Land and Land Rights, Improvements to Land, Construction-in-Progress, Buildings, Improvements & Renovations, Other Structures & Facilities, Equipment, Assets Under Capital Lease, Leasehold Improvements, Internal-Use Software, and Other General Property, Plant, & Equipment. The property and equipment categories and their related values, as of September 30, 2006 and 2005, are displayed in the Notes to the Financial Statements.

(B) While the AOC recognizes the "original value" of each building in in the line item "Buildings", the line item "Building Improvements" displays the value of all improvements performed on those buildings that extend the effectiveness or life of the building and are also over $200,000. Overall, the value of Building Improvements increased from 2005 by $38,680,000 and Accumulated Depreciation increased from 2005 by $27,359,000. The major increases to this line item are as follows on the adjacent page:

Major Increases to Building Improvements (Selected)
September 30, 2006 vs. September 30, 2005
($ in thousands)

Project	Cost	Depreciation	Book Value (Cost less Depreciation)
Rayburn Loading Dock	$ 1,608	$ 41	$ 1,567
Upgrade 16 Restrooms, House	2,978	75	2,903
Replace High Voltage Switchgear and Cables	1,712	43	1,669
Elevator Modernization	1,996	50	1,946
Staff Fitness Center	3,383	85	3,298
Replace Steam Plant Water Treatment Process equipment	1,158	29	1,129
Renovate Bathrooms, Senate	2,711	68	2,643
Interim Offsite Delivery Facility	2,486	31	2,455
Collections Security	1,627	41	1,586
Fire Alarm System	1,602	42	1,560
Replace High Voltage Switchgear and Cables	1,160	29	1,131
Upgrade Roof-East Parking Lot TJB	2,832	71	2,761
Total	**$ 25,253**	**$ 605**	**$ 24,648**

(C) The AOC also recognizes the value of the land upon which all the buildings stand as well as the roads and sidewalks for which the AOC is responsible. Similar to the line item "Buildings," the "original value" for all the land, roads, and sidewalks is displayed on the line item "Land." This line item also should only increase by obtaining (purchased, transferred, assumed through eminent domain) additional land. Land also does not depreciate, therefore the only time this line should change is when new land is obtained or transferred to another entity.

(D) The value of projects that increase the effectiveness of the grounds (land, sidewalks, roads, etc.,) and are over $200,000 are captured and displayed on the line item "Land Improvements." The major increases to this line item are:

($ in thousands)

Project	Cost	Depreciation	Book Value (Cost less Depreciation)
SOB Perimeter	$ 4,727	$ 118	$ 4,609
HOB Perimeter	3,402	85	3,317
Perimeter Upgrade	–		
CPP	2,580	65	2,515
Perimeter Security	–		
Supreme Court	8,613	216	8,397
Total	**$ 19,322**	**$ 484**	**$ 18,838**

(E) Capital leases are leases that transfer, substantially, all benefits and risks of ownership to the lessee. Capital leases are recorded at the present value of their minimum lease payments. The majority of AOC's capital leases are related to the leasing of buildings. During 2006, the AOC obtained two new leases that met criterion number 4:

($ in thousands)

Lease	Cost	Depreciation	Book Value (Cost less Depreciation)
The Senate Sergeant at Arms Warehouse	$ 10,924	$ 501	$ 10,423
The Senate Sergeant at Arms Mail Facility	6,437	58	6,379
Total new capital leases	**$ 17,361**	**$ 559**	**$ 16,802**

(F) Leasehold Improvements are those improvements we make to leased property, capital or operating (those leases not meeting the criteria in D) leases.

($ in thousands)

Project	Cost	Depreciation	Book Value (Cost less Depreciation)
Fit out of GPO for Capitol Police	$ 649	$ 325	$ 324
Fit out of Fairchild building	8,214	340	7,874
SSAA Warehouse	3,932	98	3834
Total new leasehold improvements	**$ 12,795**	**$ 763**	**$ 12,032**

(G) The line item "Equipment, Internal Use Software and Other" consists of those items that help our organization function (equipment to build or move things, vehicles, computer hardware and software, etc.) as well as items that do not fit in one of the categories above.

($ in thousands)

Project	Cost	Depreciation	Book Value (Cost less Depreciation
Water Tank Ft. Meade	$ 4,047	$ 101	$ 3,946

(H) CWIP (Construction Work in Progress) are all the projects that, upon completion, will add value to the buildings and land under the AOC's purview.

The following chart shows the top six active projects of 2006.

($ in thousands)

Project Name	Amount
Capitol Visitor Center	$ 114,430
U.S. Supreme Court Modernization	22,594
West Refrigeration Plant Expansion	12,025
Perimeter Security-Supreme Court	5,753
National Garden	5,692
CVC/Capitol Square Perimeter Security Option 7	5,216
Total	$ 165,710

7) **What is Debt Held with Public?**

This is the value of the bonds that were sold for the construction of the Thurgood Marshall building. See Notes to the Financial Statements for further detail.

8) **What is Actuarial Unfunded Workers' Compensation, and why did it decrease?**

Actuarial Unfunded Workers' Compensation is an estimate of what the AOC owes in future workers' compensation claims. Entities are required to report this estimate in the financial statements to draw attention to a possible future funding need. The AOC uses a model provided by the Department of Labor (DOL) to calculate this estimate. The model uses chargeback information for "Medical" and "Compensation" claims provided to governmental entities and multiplies this information by percentages to obtain the Actuarial Unfunded Workers' Compensation amount.

9) **What are Other Accrued Liabilities?**

Other Accrued Liabilities is an estimate that is made to maintain compliance with accounting standards (Standards). Standards require recording the value of goods and services received, regardless of whether payment has been made. This recognizes the obligation to pay for goods and services once a vendor provides them. For these financial statements, the AOC must record the value of goods and services received through the end of the 2006 fiscal year, which is September 30, 2006. To develop a reasonable accrual rate, we analyzed vendor invoices and AOC payment patterns across several fiscal quarters. Our analysis consistently showed that approximately 70 percent of payments in the first two months of a quarter were for goods and services received in the previous quarter. To estimate the accrual at September 30, 2006, we multiplied the payments made in the two months prior to September 30, 2006 by 70 percent.

10) **What are Unexpended Appropriations and Cumulative Results of Operations?**

Unexpended Appropriations and Cumulative Results of Operations are the components of Net Position and similar to the Equity section of a private industry's balance sheet. Unexpended Appropriations include the portion of the entity's appropriations represented by undelivered orders and unobligated balances. Cumulative Results of Operations are the net results of operations since inception plus the cumulative amount of prior period adjustments. This includes the cumulative amount of donations and transfers of assets in and out without reimbursement.

Statement of Net Costs

1) **What is the Statement of Net Cost?**

The statement of net cost is designed to display, in clear terms, the net cost of the reporting entity's operations for the period. Net cost includes total costs less all revenues attributed to a program and permitted to be offset against those program costs. At the present time, we present net costs by jurisdiction; in the future, we may present net costs by program. A program might be generally defined as a major activity or operation within a department and agency, which could be associated with one or more appropriations. Most federal financial decisions are based on the costs, benefits, and effectiveness of individual federal programs that often have unique operating and environmental characteristics. A federal program is a major cost center.

Our main revenues are for providing steam and chilled water to entities within the Capitol Complex, and for rent received from the Administrative Office of the U.S. Courts for the Thurgood Marshall Federal Judiciary Building.

2) **Why did General and Administrative net cost increase by $38 million?**

In 2005 we posted nearly $25 million of contingent liability adjustments for prior periods. Also, information technology and contractor costs increased by approximately $6 million in 2006 due to the Maximo implementation, the normalization of the alternate computer facility, and general operational increases.

3) **Why did the Capitol Building net cost decrease by $5.7 million?**

Congress appropriated nearly $5 million less in 2006, mainly in the areas of contractual services and personnel. Also, in 2005, $2 million of prior period CWIP costs were reclassified to expense.

4) **Why did the Capitol Power Plant net cost increase by $7 million?**

Utility costs are generally over 75 percent of the total Capitol Power Plant budget. The net cost increase in 2006 was related to a sharp increase in utility costs due to the rising costs of electricity and nat-

ural gas. Electrical energy rates experienced large increases due to changes in the marketplace. The period of price level freezes mandated as part of the regulation of the energy market came to an end and, as a result, local utility companies were able to adjust their rates to fully capture the cost of providing this utility. This resulted in long term electric rates increasing by close to 50 percent over the past year in the Washington metropolitan area. The price of natural gas rose sharply at the end of 2005 as the Gulf coast was hit hard by multiple hurricanes. These factors contributed to the large increase in utility costs for the AOC, as the purchase of electrical energy constitutes 65 percent of the AOC utility budget and natural gas costs make up 25 percent.

5) Why was there an increase in Capitol Police net costs by $2.9 million?

The Fairchild building, a capital lease asset acquired during 2005, was in use for the full year in 2006 resulting in an increase in depreciation of $1.4 million and increased interest expense of $1 million. Also, we requested an increase of over $1 million in 2006 to address increased cleaning and maintenance expenses for the various Capitol Police properties.

6) Why did the Botanic Garden net costs decrease by $5 million?

This was mainly due to a one-time payment expensed in 2005 related to the Botanic Garden renovation.

Statement of Changes In Net Position

1) What is the Statement of Changes in Net Position?

The Statement of Changes in Net Position identifies all financing sources available to, or used by, the AOC to support not only its net cost of operations but also the net effect or change in its financial position. Net position can change because of its two components: Cumulative Results of Operations and Unexpended Appropriations. The statement is designed to display each component separately to enable the user to better understand the nature of changes to net position as a whole. There are some line items that affect both components, the difference being: Cumulative Results of Operations is the portion that has occurred, and Unexpended Appropriations is the portion that remains outstanding.

Each component of net position is also reflected as line items on the Balance Sheet. Budgetary appropriations received in this statement tie directly to the Statement of Budgetary Resources. The Other Financing Sources section of this statement as well as the sum of the line items Donations and "forfeitures of cash and cash equivalents" and "Transfers - in/out without reimbursement" will tie directly to the Statement of Financing. The Net Cost of Operations line ties directly to the Statement of Net Cost.

2) What is the Transfers - in/out without reimbursement?

This consisted of a transfer of $65 million from the Capitol Preservation Fund to the AOC-Capitol Visitor Center for construction expenses.

3) What are imputed financing sources from costs absorbed by others?

Imputed financing sources from costs absorbed by others consist of those costs incurred by other entities for the AOC that, if the AOC had incurred these costs, would have required additional financing. In this instance, these are costs related to those incurred by the U.S. Office of Personnel Management for payroll benefits (pensions, FEGLI, FEHB, FECA, etc). The major increase in this line item is the increase in pension benefits paid of approximately $2 million.

4) Why does the Appropriations Received line on this statement not agree with the Appropriation line on the Statement of Budgetary Resources?

In order to get these two amounts to agree, you have to add the Appropriations Received amount and the Non-Exchange Revenue amounts on this statement.

Statement of Budgetary Resources

1) What is the Statement of Budgetary Resources?

The Statement of Budgetary Resources provides data on how the AOC obtained its budgetary resources and the status or remaining balances of these resources at the end of the reporting period. On this statement the first thing to notice is that the line "Total Budgetary Resources" should equal the line "Total Status of Budgetary Resources."

2) I did not realize we had borrowing authority. What is this used for?

The borrowing authority identified on this statement relates to the certificates that were sold for the construction of the Thurgood Mar-

shall Building. This transaction is unique and inquiries to OMB regarding the proper posting created new budgetary accounts within the US Standard General Ledger. Because we accrue the interest expense monthly but do not have appropriated funds to cover it, OMB determined we, in essence, had "borrowing authority" for that expense and wanted us to report it as such.

3) What is spending authority from offsetting collections?

Spending authority from offsetting collections means that the AOC has authority to spend funds it receives by providing a service to others. The largest percentage (84 percent or $37.8 million) is for providing services to the our clients (the Judiciary, the Senate, the House of Representatives, and the Library of Congress in the form of operations, projects performed, rent received, etc.). The next largest (14 percent or $4.4 million) is reimbursement for providing steam and chilled water to entities within the Capitol complex.

Statements of Financing

1) What is the Statement of Financing?

This is a reconciling statement that ensures a proper relationship between the proprietary (cost based) accounts and the budgetary (budget based) accounts in our accounting and reporting system. The statement of financing provides data on the total resources provided to and used by the AOC for the fiscal period.

2) Why does spending authority from offsetting collections and recoveries on the statement of financing not agree to the same line item on the statement of budgetary resources?

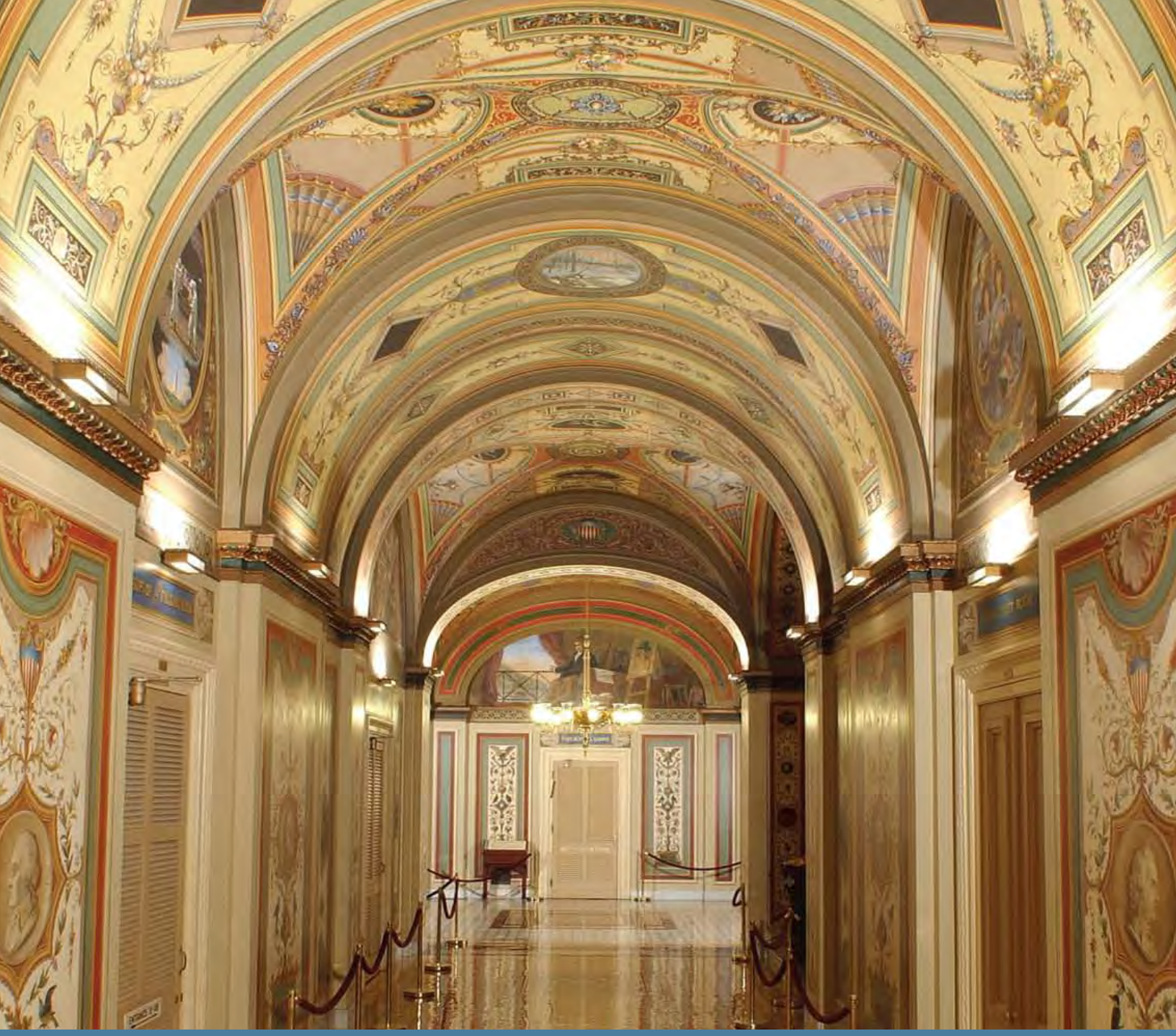
They actually do, if you total the following line items from the Statement of Budgetary resources:

($ in thousands)

Spending authority from offsetting collections and recoveries	Amount
Collected:	
Earned	$ 44,900
Change in Receivables from Federal Sources	1,413
Change in unfilled orders:	
Advance received	(315)
Recoveries of prior year obligations	14,331
Total	$ 60,329

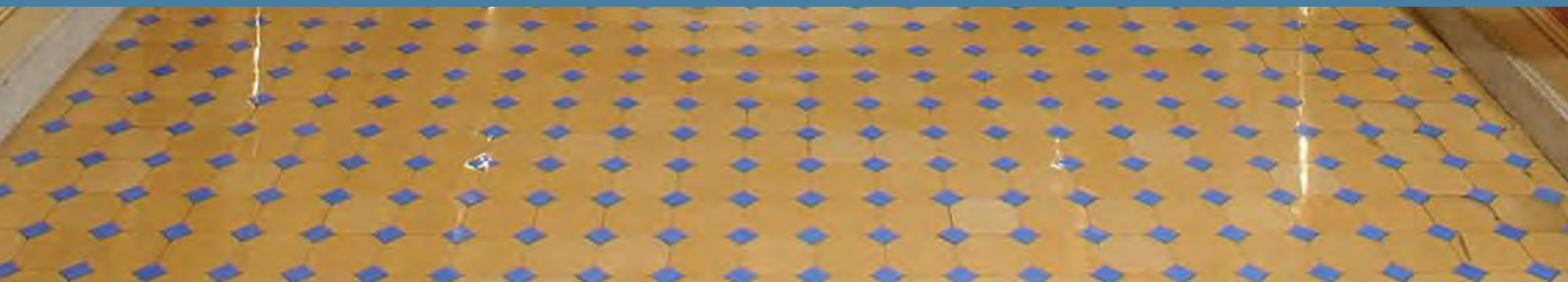
3) What are resources that finance the acquisition of assets?

Resources that finance the acquisition of assets consist of various accounts (budgetary and proprietary) that are affected due to the capitalization (closing) of projects that add value of the Capitol Complex and obtaining equipment. The value of the capitalization of those projects and equipment totaled $239.3 million for 2006. Due to prior period adjustments mentioned in the discussion regarding the Statement of Changes in Net Position, there was also a reduction of $2.6 million, for a total of $236.7 million.



II. PERFORMANCE INFORMATION

Accurately planning for and measuring performance will enable us to perform our mission, plan for the future, and address challenges.



Strategic Planning and Performance Information

In order for the AOC to be an effective organization, strategic planning must be an integral part of our management and daily operations. Each jurisdiction has an important role in the strategic planning process, from contributing to its creation to achieving its objectives and goals. Accurately planning for and measuring performance will enable us to perform our mission, plan for the future, and address challenges. The goals, objectives, and outputs and results identified in our Strategic Plan will ensure that we meet our mandate to serve the needs of Congress and, ultimately, the public. The plan serves as a living business document to guide our performance and help us identify and adapt to change and take advantage of new opportunities.

Our Strategic Plan is the cornerstone of our performance management approach and is primarily supplemented by our Performance Plan. The Performance Plan is an annual document, which is published before the beginning of each year and makes each strategic goal actionable by outlining the specific objectives, performance goals, and associated activities that will be undertaken during the upcoming fiscal year.

PERFORMANCE INFORMATION

This is the AOC's second year of providing a Performance Information Section in our PAR. Our performance reporting structure consists of three tiers: Strategic Goals, Objectives, and Performance Measures. We break down each Strategic Goal into concrete Objectives, which are supported by performance measures and annual targets. In this section, we list performance achievements for each goal, followed by a table listing performance measures and targets for 2006. The tables compare actual performance to target performance and provide an explanation in those instances where a target was not met. We also note which are new measures in 2006 and explain why they were added. For us 2006 was a year of transformation at the AOC, with several notable accomplishments, as discussed below.

The performance measures detailed in the PAR are based on our four Strategic Goals:

- **Goal 1 - Facilities Management:** Maintain and preserve the national treasures entrusted to our care by providing timely and quality facilities management and related support services to our clients.
- **Goal 2 - Project Management:** Enhance the national treasures entrusted to our care by planning and delivering timely and quality projects.
- **Goal 3 - Human Capital:** Attract, develop, and retain diverse and highly motivated employees with the skills, talents, and knowledge necessary to support the organization's mission.
- **Goal 4 - Organizational Excellence:** Provide the highest quality services to our clients through improved business programs, processes, and systems.

In summary, we had a total of 20 performance measures, of which we met or exceeded our targets for 75 percent (15 performance measures). The table below provides a summary of the status of performance measures for each goal. We present in this section a full account of our performance measures and the work done to reach our targets.

AOC Strategic Goal	Target Met	Target Not Met	Total
Goal 1 – Facilities Management	2	1	3
Goal 2 – Project Management	3	0	3
Goal 3 - Human Capital	4	0	4
Goal 4 - Organizational Excellence	6	4	10
Total	15	5	20

Goal 1 - FACILITIES MANAGEMENT

Maintain and preserve the national treasures entrusted to our care by providing timely and quality facilities management and related support services to our clients.

In order to achieve our goal, we focused on three objectives:

Objective 1.1 - Develop a comprehensive understanding of the condition of facilities under AOC's purview

Objective 1.2 - Address maintenance and care needs proactively

Objective 1.3 - Preserve significant and historic heritage assets

Performance Achievements

Objective 1.1 - Condition of facilities

- Completed Facility Condition Assessments (FCAs) for the Thurgood Marshall Federal Judiciary building, Taft Memorial/Senate Underground Garage, Capitol Power Plant, Capitol Grounds, and U.S. Capitol Police buildings

Objective 1.2 - Maintenance and care

- Loaded preventative maintenance condition assessment data (asset and barcode) into our automated facilities management system (CAFM) for the Senate, House, and Capitol buildings
- Implemented a new automated facilities management system (TMA)

Objective 1.3 - Preservation of significant and historic heritage assets

- Finalized disaster/emergency plans for relevant subcollections
- Developed a Preservation Policy
- Completed condition ratings for Level 1 (Fine Art) subcollections

Performance Measures

Measure	2005 Result	2006		
		Target	Result	Target Achieved
% of Demand Work Orders (DWO's) closed each month compared to the number of DWOs closeable that month	83%	80-90%	84%	Met
% of DWOs closed in less than 30 days from creation	94%	85-95% (New)	97%	Met
Number of DWOs older than 30 days that remained open at the end of each month	431 (at the end of Sept 05)	Less than previous month	876 (at the end of Sept 06)	Not Met. Result is an increase of 185 over the previous month

2006 Results

For two measures we met or exceeded our targets but fell below the target for one measure. We did not meet our target for "Demand Work Orders older than 30 days that remained open at the end of each month." During 2006 we implemented a new facilities management information system. In an effort to improve our close rate next year, we plan to standardize policies and procedures in our new system.

In addition, we changed the target range for the measure "% of Demand Work Orders closed in less than 30 days from creation" to a more challenging target for 2006. Our 2005 goal (90 percent) was consistently attained by the jurisdictions and thus became a standard practice. We increased our target for 2006 to 95 percent to promote further improvement.

Goal 2 - PROJECT MANAGEMENT

Enhance the national treasures entrusted to our care by planning and delivering timely and quality projects.

In order to achieve our goal, we focused on two objectives:

Objective 2.1 - Improve long-range planning and program development processes

Objective 2.2 - Deliver high quality projects on schedule and within budget

Performance Achievements

Objective 2.1 - Long-range planning and program development

- Continued to work on the Capitol Complex Master Plan (CCMP) by drafting jurisdiction plans
- Revised the Capital Improvement Plan (CIP) development process to comprehensively describe the project prioritization process, recommend 2008 and 2009 Line Item Construction Projects (LICPs), and detail a schedule for development of jurisdiction CIPs consistent with CCMP schedules

Objective 2.2 - High quality project management

- Developed version 2.0 of the AOC Pre-design manual for design and construction requirements for inter nally and externally executed work
- Fully implemented quality, cost, and schedule metrics including the implementation of a construction quality customer satisfaction survey

Performance Measures

Measure	2005 Result	2006		
		Target	Result	Target Achieved
Projects currently on schedule	55%	70-80%	83%	Met
Projects currently within budget	99%	80-90%	97%	Met
Ratio Government Estimate-to-Average Bid	N/A	N/A	1	N/A New Measure
Satisfied customers (design projects completed by the Planning & Project Management Division)	67%	80-90%	86%	Met

2006 Results

We met all three targets for Goal 2. We added a new measure "Ratio Government Estimate-to-Average Bid" in 2006 to identify potential areas for improvement in our estimating capability. We will set a target once we have a sufficient number of data points.

We increased our target range in 2006 for the measure of satisfied customers above the 2005 target to a more challenging target. We consistently met our 2005 target. Therefore we increased the target to promote further improvement.

Goal 3 - HUMAN CAPITAL

Attract, develop, and retain diverse and highly motivated employees with the skills, talents, and knowledge necessary to support the organization's mission.

In order to achieve our goal, we focused on four objectives:

Objective 3.1 - Human capital programs, policies, and practices are aligned with organizational goals and equal employment opportunity

Objective 3.2 - Individual work efforts contribute to strategic, business, and organizational goals and objectives

Objective 3.3 - An environment that fosters open communication throughout the organization

Objective 3.4 - Effective, regular, and consistent internal and external communications

Performance Achievements

Objective 3.1 - Human capital plan alignment

- Gathered input from jurisdiction representatives and division directors to update the Human Capital Plan in 2007 to follow the revised Strategic Plan
- Updated and distributed retirement forecasts
- Continued implementation of Special Emphasis programs

Objective 3.2 - Contribution to goals and objectives

- Strengthened the link between the Strategic Plan and executive performance evaluations by having all of the performance plans for executives focus on specific strategic goals

Objective 3.3 - Open internal communication
- Conducted AOC Town Hall Meetings

Objective 3.4 - Effective external communication
- Conducted fifth annual Building Services Customer Satisfaction Survey
- Hired a Congressional & External Relations Director

Performance Measures

Measure	2005 Result	2006		
		Target	Result	Target Achieved
Projected Injury and Illness Rate	5.65%	5.09%	4.88%	Met
Number of cases reported to the Department of Labor, year-to-date (and variation with previous year)	124	Less than previous year	114 (-10 over previous) year)	Met
Average number of days to fill temporary positions	56	40-60	52	Met
Average number of days to fill permanent positions	140	120-150	121	Met

2006 Results

We met all four targets for Goal 3.

Goal 4 - ORGANIZATIONAL EXCELLENCE

Provide the highest quality services to our clients through improved business programs, processes, and systems.

In order to accomplish this goal and thereby support our first three goals, we focused on seven objectives:

Objective 4.1 - Business decisions are driven by strategic, business, and organizational goals and objectives

Objective 4.2 - Operate an effective safety and occupational health program that helps ensure the safe completion of the organization's mission

Objective 4.3 - Adopt an organization-wide approach to information technology management to effectively and efficiently manage resources, enable quantitative decision making, enhance reporting capabilities, and enable business process optimization

Objective 4.4 - Institutionalize financial management best practices to support the effective delivery of programs and services, enhance decision making, and provide financial accountability

Objective 4.5 - An environmentally responsible and compliant organization that is protective of human health and the environment

Objective 4.6 - Improve AOC performance by developing and applying a centralized process improvement capability and institutionalizing it throughout the organization

Objective 4.7 - Optimize procurement services to fully support the requirements of AOC customers

Performance Achievements

Objective 4.1 - Business decisions driven by strategic goals
- Revised our Strategic Plan to focus on results and set the stage for performance-based budgeting
- Integrated strategic goal linkage into position request process

Objective 4.2 - Effective safety and occupational health program
- Initiated an independent evaluation to determine how thoroughly seven of our safety policies have been implemented
- Expanded our hazard notification process for employees to report safety concerns through the safety web page

Objective 4.3 - Effective and efficient information technology management
- Implemented Enterprise Architecture (EA) 2006 initiatives including Phase II of the platform consolidation project, an independent validation and verification of the EA program, operational data store enhance-

ments for cost accounting, and a concept of operations for portfolio management

- Developed Disaster Recovery Plan for General Support Systems

Objective 4.4 - Financial management best practices

- Implemented cost accounting and financial management reports across the AOC
- Implemented procure-to-pay process controls as part of the internal controls program
- Implemented a new inventory control system

Objective 4.5 - Environmentally responsible and compliant organization

- Developed recycling program mission, goals, and metrics
- Completed comprehensive air emission source survey and wastewater discharge survey
- Developed an inspection schedule to include all facilities and environmental programs

Objective 4.6 - Process improvement capability

- Initiated customer service training for internal service providers
- Establish monthly meetings for jurisdictional safety specialists to share information on safety topics, materials, and solutions

Objective 4.7 - Optimized procurement services

- Established an Acquisition Strategy Board
- Deployed a Procurement Workflow Management Application for internal tracking and managing of workload and progress within the Procurement Division

Performance Measures

Measure	2005 Result	2006		
		Target	Result	Target Achieved
Average number of days for awarded contracts ›$100K this month	56	160-210	91	Met
Average number of days for awarded purchase orders ‹$100K and ›$25K this month	N/A	30-45	13	Met
Average number of days for awarded purchase orders ≤$25K this month	N/A	12-18	6	Met
Year-to-date (YTD) obligations over YTD budget (budget execution)	97%	100% Tolerance of +/-2%	99%	Met
YTD obligations over YTD obligation plan for multi-year funds (MY) 2002—2006	91%	100%	100%	Met
MY funds 2003—2007 obligations-Recommended culmulative spending rate	88%	95%	93%	Not Met. Below recom-mended level
MY funds 2004—2008 obligations-Recommended culmulative spending rate	72%	90%	86%	Not Met. Below recom-mended level
MY funds 2005—2009 obligations-Recommended culmulative spending rate	19%	75%	58%	Not Met. Below recom-mended level

Performance Measures

Measure	2005 Result	2006		
		Target	Result	Target Achieved
MY funds 2006—2010 obligations-Recommended culmulative spending rate	N/A	55%	60%	Met. Above recom-mended level
MY funds 2007—2011 obligations rates	N/A	N/A	10%	N/A New Measure
2-year funds (2005—2006) obligations	N/A	100%	97%	Not Met. New Measure

2006 Results

Of the ten measures above that had targets, we met six of them. In addition, we added in 2006 two new measures, "MY 2006 – 2011 obligation rates" and "2-year funds (2005–2006) obligations." The measure "MY 2006 – 2011 obligation rates" did not have an established target as it was the first year of availability.

We did not meet the recommended spending rates for obligations of MY funds 2003 – 2007, MY funds 2004–2008, and MY funds 2005 – 2009. In order to review our planned projects against the developing requirements of the Capitol Complex Master Plan and to ensure that we met important life safety and security needs, we decided to slow the rate of construction projects. In an effort to improve these measures next year, we are developing jurisdiction plans to identify projects in a timely manner for execution.

We did not meet our target for 2-year funds (2005-2006) obligations because we did not obligate contingency funding for several projects. In an effort to improve this next year, we plan to ensure that the contingency set asides for projects are obligated properly or deobligated after project completion if the funds are not needed.

Looking Toward the Future: 2007 and Beyond

In 2005, we created an internal steering committee to guide our Strategic Performance Initiative to integrate our results-based strategic plan, performance-based budget, and cost accounting. The committee's purpose was to launch the initiative and ensure coordination among the various divisions involved. The committee made recommendations on the revised strategic goals; composition of goal teams, who were responsible for developing objectives, measures, and strategies; and the development schedule. Once we created teams to focus on each of the revised strategic goals, and the initiative began following the proposed timeline, the committee as a formal entity was dissolved. AOC staff continues to coordinate as needed to maintain the links among the components of the Strategic Performance Initiative.

The initiative steered the transition of our Strategic Plan from a "theme-based" plan to a performance-based plan. We began revising our Strategic Plan by revising our goals and objectives to focus on mission areas and the support services that enable us to accomplish our mission work. We then developed performance measures for each objective as the first step in moving toward performance-based budgeting. Our revised Strategic Plan, which will be released in 2007, covers 2007 to 2011 and evolves around three Strategic Goals:

- **Congressional and Supreme Court Operations Support** Congressional and Supreme Court operations are supported through the provision of effective facilities management, project delivery, and related services.
- **Heritage Asset Stewardship** The national treasures entrusted to the care of the Office of the Architect of the Capitol are maintained and preserved for present and future generations and visitors to the Capitol complex are provided an informative and inspiring experience.
- **Leadership and Administrative Support** The responsibilities of the Office of the Architect of the Capitol are fulfilled efficiently and effectively, and accountability is enhanced, through the provision of high-quality leadership and administrative support services.

Objectives for the revised Strategic Goals are presented below. Performance measures associated with each objective have also been developed and contain a five-year Performance Goal (the performance measure with a target of five years). We are in the process of establishing an annual target for each Performance Goal.

Goal 1 - CONGRESSIONAL AND SUPREME COURT OPERATIONS SUPPORT: Congressional and Supreme Court operations are supported through the provision of effective facilities management, project delivery, and related services.

Objectives:

- 1.1: Facilities Maintenance: Effective facilities management services are provided to the Congress and Supreme Court to maintain the facilities and grounds under the care of the Architect of the Capitol.
- 1.2: Facilities Operations: High-quality services are provided in direct support of Congressional and Supreme Court operations.
- 1.3: Client Services: Effective facilities management services are provided in direct support of our customers.
- 1.4: Project Delivery: Capital assets are provided and maintained through effective planning and project delivery.

Goal 2 - HERITAGE ASSET STEWARDSHIP: The national treasures entrusted to the care of the Office of the Architect of the Capitol are maintained and preserved for present and future generations and visitors to the Capitol complex are provided an informative and inspiring experience.

Objectives:

- 2.1: Fine and decorative art, historic artifacts and records, living collections, and other heritage assets under the jurisdiction of the AOC are catalogued, documented, and preserved in good condition.
- 2.2: Historic buildings, landscape, and architectural features in the Capitol complex are preserved in good condition.
- 2.3: Capitol complex visitors are provided with high-quality interpretive exhibits and programs.

Goal 3 - LEADERSHIP AND ADMINISTRATIVE SUPPORT: The responsibilities of the Office of the Architect of the Capitol are fulfilled efficiently and effectively, and accountability is enhanced, through the provision of high-quality leadership and administrative support services.

Objectives:

- 3.1: The AOC's executive leadership and administration establishes clearly defined goals and effective strategies, and the coordination of support systems, so as to maximize the AOC's mission performance and accountability.
- 3.2: AOC staff is enabled to support the achievement of AOC goals by the promotion of a work environment that fosters equal employment opportunity, organizational and individual performance, and professional development.
- 3.3: AOC staff leverages information technology and communications to improve the organization's mission performance.
- 3.4: Financial services are provided in a customer-focused and value-creating manner and foster a culture of high integrity and accountability.
- 3.5: Responsive, quality, cost-effective, and accountable procurement and inventory management is provided to meet the organization's service and supply needs.
- 3.6: AOC resources are protected through effective safety, fire, security, emergency preparedness, and environmental services.

We intend to begin aligning our budget to our revised Strategic Plan Goals and Objectives as we develop our 2008 budget. In concert with this task, we will continue working on the cost accounting initiative. As our cost accounting system matures and our ability to gather and track performance data improves, we will continue our transformation to a results-oriented organization.

III. FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REPORT

The Audit Committee was created to help facilitate the audit process and to promote disclosure and transparency.

The Audit Committee assists the Architect of the Capitol (AOC) in fulfilling his fiduciary responsibilities. The Architect created the Committee on April 4, 2003, to help facilitate the audit process and to promote disclosure and transparency. The Committee was not mandated or established by statute.

As part of its responsibilities, the Committee meets with the AOC's management and its internal and external auditors to review and discuss the AOC's external financial audit coverage, the effectiveness of the AOC's internal controls over its financial operations, and its compliance with certain laws and regulations that could materially impact the financial statements. The external auditors are responsible for expressing an opinion on the conformity of the AOC's audited financial statements with generally accepted accounting principles. The Committee reviews the findings of the internal and external auditors, and the AOC's responses to those findings, to ensure its plan for corrective action includes appropriate and timely follow-up measures. In addition, the Committee reviews the Accountability Report, including the financial statements, and provides comments to the AOC's management, which has primary responsibility for the report.

We met four times from December 19, 2005, through September 28, 2006, and discussed a number of items jointly with management, the AOC's Inspector General, and the external auditors, Kearney & Company. We also met independently with the AOC Inspector General and the Acting Chief Financial Officer and Accounting Officers. Management proposed, and the Committee agreed, that the 2006 audit would be a full audit of all five financial statements with comparative presentations. We also concurred with management's decision to defer a request for the external auditor to provide an opinion on internal controls. This decision is based on a government-wide on-going discussion with the Government Accountability Office (GAO) referencing internal control audits.

At the start of the Fiscal Year 2006 audit, we discussed the overall scope of work and the audit plans of the external auditors and the AOC Inspector General. The Committee had several discussions regarding the audit in order to ensure independence and objectivity in the audit process. We reviewed the Inspector General's audit plan and evaluated the status of the 2005 audit findings.

For the annual leave and timekeeping controls and issues related to executive pay, we reviewed the auditor's findings and the AOC's policies and discussed with the AOC ways to strengthen controls. The ratification of unauthorized commitments was discussed and the Committee felt that great strides had been made in curtailing issues in this area. The Committee is also pleased with the progress made within the Information Technology Division in reaching milestones for its Certification and Accreditation and accomplishments with its mission control systems. Two major concerns of the committee are the on-going asbestos cleanup costs of the Capitol Power Plant distribution tunnels and the completion of the Capitol Visitor Center. The Committee is very pleased regarding the progress made with the 2006 implementation of the Internal Control Program.

On the basis of the procedures performed as outlined above, we recommend that the AOC's audited financial statements and notes be included in its 2006 Accountability Report.

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Independent Auditor's Report

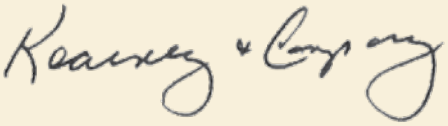
To the Architect of the Capitol

We have audited the accompanying Balance Sheets of the Architect of the Capitol (AOC) as of September 30, 2005 and 2006, and the related Statement of Net Cost, Statement of Changes in Net Position, Statement of Financing, and Statement of Budgetary Resources for the years then ended. These financial statements are the responsibility of AOC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; 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. 06-03, *Audit Requirements for Federal Financial Statements*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by management, as well as an evaluation of the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of AOC as of September 30, 2005 and 2006, and its net costs, changes in net position, budgetary resources, and financing of operations for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated January 12, 2007, on our consideration of the AOC's internal control over financial reporting and on its compliance and other matters. The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



January 12, 2007
Alexandria, Virginia

KEARNEY& COMPANY

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Independent Auditor's Report on Internal Control

To the Architect of the Capitol

We have audited the financial statements of the Architect of the Capitol (AOC) as of September 30, 2006, and have issued our report thereon dated January 12, 2007. We conducted our audit 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; and Office of Management and Budget (OMB) Bulletin No. 06-03, *Audit Requirements for Federal Financial Statements*.

In planning and performing our audit, we considered AOC's internal control over financial reporting by obtaining an understanding of AOC's internal control, determined whether internal controls had been placed in operation, assessed control risk, and performed tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the AOC's ability to record, process, summarize, and report financial data consistent with the assertion of management in the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 06-03. We did not test all internal controls relevant to operating objectives, as broadly defined by the Federal Managers' Financial Integrity Act of 1982, such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide assurance on internal control. Consequently, we do not provide an opinion on internal control.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect AOC's ability to record, process, summarize, and report financial data consistent with the assertions by management in the financial statements. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we

noted certain matters discussed in the following paragraphs involving the internal control and its operations that we consider to be reportable conditions and material weaknesses.

We also noted other matters involving the internal control over financial reporting which have been reported to AOC management in a separate letter dated January 12, 2007.

MATERIAL WEAKNESSES

1. Internal Control Assessments (Repeat Condition)

AOC has not completed a formal and systematic assessment and evaluation of the design and operation of internal controls. As of September 30, 2006, AOC has completed an assessment of the procure-to-pay process and has partially completed the human resources and time and attendance processes. AOC has not yet addressed the project management process. In the absence of a complete assessment, AOC cannot determine if its current internal control design mitigates existing risks and effectively safeguards assets.

Recommendation – AOC should complete and document internal control assessments that evaluate the effectiveness of the design and operation of its internal control structure, including the identification of risks to material accounts and the existence of internal controls to mitigate those risks. Although AOC is not subject to OMB Circular A-123, *Management's Responsibility for Internal Control,* we recommend that AOC consult the "Implementation Guide for OMB Circular A-123 Appendix A Internal Control over Financial Reporting" (the Guide). The Guide was issued by the Chief Financial Officers Council in May 2005. The Guide includes guidance enabling management to evaluate internal controls and monitor and test these controls throughout the year.

2. Annual Leave (Repeat Condition)

We identified instances at AOC in which maximum leave carryover balances were exceeded, and leave balances in the WebTA and STAR Web time and attendance systems did not match National Finance Center (NFC) payroll system balances. While AOC has demonstrated improvement in this area, the controls structure does not yet reduce financial misstatement risk to an acceptable level.

- From 2005 to 2006, 15 employees carried over more than the 240-hour maximum leave balance. AOC could not support the propriety of the excess carryover amounts.
- In the NFC payroll system, employees' annual leave balances in the WebTA and STAR Web time and attendance systems did not match balances in the NFC payroll system.

Recommendation – AOC should develop a process in which annual leave amounts in the WebTA and STAR Web systems are reviewed for accuracy and compared to amounts in the NFC payroll system.

3. Time Recordation, Processing, and Approval Procedures (Repeat Condition)

We identified instances where AOC time recordation and payroll was not properly authorized. The instances include:

- Out of a sample of ten, there were three occurrences where timekeeper certification and supervisor approval were performed by the same individual. In addition, input of an employee's time and attendance by the timekeeper was not independently reviewed for accuracy
- Out of a sample of 76, 11 employees were either missing an overtime approval form or did not have the required authorizing signature
- Out of a sample of 76, five leave request forms were not approved prior to leave being taken.

Recommendation – AOC should develop procedures to ensure policies concerning the approval and entering of time are enforced.

4. Risk Assessment Updates

AOC's internal control environment does not have formal, documented processes to monitor the internal and external environment, identify changing risk profiles, or respond accordingly. Specifically, AOC did not implement controls to reconcile the payroll data transmitted to and received from NFC (as recommended by NFC) as an appendix to its qualified SAS 70 opinion. While several employees performed additional tests, this did not constitute a repeatable and sustainable systemic effort.

Recommendation – AOC should implement procedures to monitor and identify changing risks. Also, AOC should reconcile NFC payroll data transmission to data receipt including, at a minimum, jurisdictional employees and hours.

5. Internal Control Design and Management of the Purchase to Disbursement Process

No organization/entity within AOC is accountable for the collective purchase to disbursement process. AOC has decentralized many components of the purchase and disbursement process including initiating requisitions, purchase authorizations, and receiving and disbursement approvals. Within a decentralized process, this lack of central monitoring and oversight results in a weakened control environment.

We also identified 16 individuals from three divisions with the ability to access and modify the vendor database, with no process to ensure the propriety and accuracy of

changes made. Supervisors also do not approve vendor request before new vendors are created in the system.

Recommendation – AOC should assign formal authority for the oversight and monitoring of the collective purchase to disbursement process, including risk assessments and control design. These assessments should focus on interchange points between process participants to ensure that financial statement risks are adequately mitigated. We also recommend limiting access to the vendor database to a select number of individuals, and that proposed changes be reviewed and approved before data entry. Data entry should also be reviewed for accuracy by a third party.

REPORTABLE CONDITIONS

1. Information System Controls (Repeat Condition)

We evaluated AOC's information system general controls in accordance with guidance provided by the National Institute of Standards and Technology (NIST) and the Government Accountability Office's (GAO) Federal Information System Controls Audit Manual (FISCAM). We have provided a detailed report and a prioritization of findings under separate cover. For detailed descriptions and recommendations for these findings, refer to the separately issued report.

AOC has made improvements to its overall information system security program since the completion of the FY 2005 audit. AOC's progress includes:

- Development of security plans that cover all major facilities and operations, which are resource owner approved. Security plans for the general support systems (GSS) and major applications are reviewed periodically and adjusted to reflect current conditions and risks
- A security management structure has been established and documented in the security plans for the GSS and major applications. The security plan clearly identifies resource owners and assigns security responsibility to the Chief Information Security Officer (CISO)
- Establishment of resource classifications and related criteria; therefore, consideration has been given to data sensitivity and integrity
- Development and testing of the Continuity of Operations (COOP) and Disaster Recovery Plans.

Having noted improvements, AOC still has areas of weakness that should be addressed. Some of the more significant findings from that report are summarized below. Findings are reported under the following general categories:

- Entity-wide Security Program
- Access Control
- Service Continuity.

Entity-wide Security Program

This category provides a framework and continuing cycle of activity for managing risk, developing security policies, assigning responsibilities, and monitoring the adequacy of the entity's computer-related controls. We noted weaknesses in the following areas relating to AOC's entity-wide security program:

- Risk assessments for financial and core operational components
- Information Systems Security Plans (ISSP) are not fully implemented
- Incident response procedures
- Detailed hiring procedures
- Security awareness and technical security training
- Effectiveness of corrective action process.

Access Control

Controls within this category limit or detect access to computer resources (i.e., data, programs, equipment, and facilities), thereby protecting these resources against unauthorized modification, loss, and disclosure. We noted weaknesses in the following areas relating to the AOC's access control:

- Documentation of user profile definitions
- De-provisioning and reassessing user accounts and assigned privileges
- Administration of special access privileges and the control of emergency and temporary authorizations
- Formalized procedures for the handling of security violations.

Service Continuity

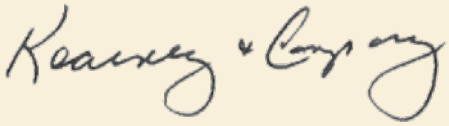
The controls in this category prevent loss of the capability to process, retrieve, and protect information maintained electronically, AOC should improve and test the COOP.

Recommendation– AOC should perform the following:

- Conduct a comprehensive risk assessment using NIST SP 800-30 methodology to identify risks and implement appropriate mitigating controls to address vulnerabilities, including those identified in SAS 70 audit reports
- Implement security plans
- Revise customer help desk incident response procedures to include responsibilities for security incident response
- Define Information Technology Division (ITD) positions including level of sensitivity
- Require all AOC employees to receive annual security awareness training and require information technology (IT) security staff to receive specialized training

for assigned job duties. Evidence of such training should be documented and maintained
- Develop a formal process to address observations from security reviews, which should include independent evaluation of the corrective action
- Document user profiles and include them in the system security plans
- Develop and implement user account management procedures to ensure timely removal or modification of user accounts and assigned privileges
- Implement monitoring procedures in accordance with NIST SP 800-92 to ensure network management is compliant with ITD policies and procedures
- Implement network management tools and procedures to enhance control
- Continue to develop a comprehensive COOP, perform tests of the COOP, and make necessary changes based on results.

This report is intended solely for the information and use of the Office of Inspector General of the Architect of the Capitol, Architect of the Capitol management, GAO, and the U.S. Congress, and is not intended to be, and should not be used by anyone other than these specified parties.



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Independent Auditor's Report on Compliance and Other Matters

To the Architect of the Capitol

We have audited the financial statements of the Architect of the Capitol (AOC) as of September 30, 2006, and have issued our report thereon dated January 12, 2007. We conducted our audits 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; and Office of Management and Budget (OMB) Bulletin No. 06-03, *Audit Requirements for Federal Financial Statements.*

The management of AOC is responsible for complying with laws and regulations applicable to AOC. As part of obtaining reasonable assurance about whether AOC's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts and certain other laws and regulations specified in OMB Bulletin No. 06-03. We limited our tests of compliance to these provisions and we did not test compliance with all laws and regulations applicable to AOC. However, providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests of compliance with laws and regulations described in the preceding paragraph disclosed two instances of noncompliance, described below, with the following laws and regulations that are required to be reported upon under *Government Auditing Standards* and OMB Bulletin No. 06-03.

- AOC was not compliant with the Congressional Accountability Act (CAA) of 1995. In the CAA, Congress made its facilities and employees subject to the same safety laws that apply outside of the Legislative Branch. In 1997, other provisions of the CAA applied fire safety standards to Congressional buildings, including the buildings of AOC. The Office of Compliance has conducted ongoing safety investigations since the inception of the Act which have identified numerous safety hazards in several of AOC's buildings.

- AOC is responsible for maintenance of the utility tunnels which run from the Capitol Power Plant to the House and Senate office buildings, the United States Capitol, and other surrounding buildings. In January 2006, the Office of Compliance issued citations resulting from their July 2005 investigation which alleged violations of the Occupational Health and Safety Act. These citations

addressed 1) employees exposure to heat stress conditions 2) monitoring of employees potentially exposed to airborne concentrations of asbestos 3) notifying employees about the presence and location of asbestos containing material 4) labeling asbestos containing materials 5) maintaining surfaces free of asbestos waster, debris, and dust.

This report is intended solely for the information and use of the AOC Office of Inspector General, management of AOC, OMB, the Government Accountability Office, and Congress, and is not intended to be, and should not be, used by anyone other than these specified parties.

January 12, 2007
Alexandria, Virginia

FINANCIAL STATEMENTS

Overview of Financial Statements

Our financial statements and accompanying notes begin on page 64. Our balance sheets ended September 30, 2006, and were audited by Kearney & Company. They rendered a clean opinion on our financial statements and this was completed in three months - a major improvement over previous audits.

The Architect of the Capitol's (AOC) established internal control over financial reporting is broadly defined as a process that effects both the organization's management and its personnel. It is management's assessment that our internal control system is designed and implemented to provide reasonable assurance regarding the achievement of certain objectives in the following categories:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

Reasonable assurance, while it is not absolute assurance, is a high level of assurance. It includes the understanding that there is a remote likelihood that material misstatements, due to inherent limitations, will not be prevented or detected on a timely basis.

Purpose of Financial Statements

Balance Sheets

The primary purpose of the Balance Sheets is to provide information regarding the amounts of future economic benefits owned by the organization (assets), amounts owed by the organization (liabilities), and the difference between those assets and liabilities. These statements also include nonentity assets, meaning assets that are not available for spending because the recipient is going to transfer them to another federal reporting entity.

Statements of Net Cost

The primary purpose of the Statements of Net Cost is to recognize the full cost of federal programs and/or activities. These statement provide information necessary to improve managerial decision making.

Statements of Changes in Net Position

The primary purpose of Statements of Changes in Net Position is to provide information on how the net cost of operations and/or programs is financed. These statement also explain increases and/or decreases in unexpended appropriations.

Statements of Budgetary Resources

The primary purpose of the Statements of Budgetary Resources is to provide information on budgetary resources available and outlays for the fiscal year, as well as the status of budgetary resources at the fiscal year end. The Statements of Budgetary Resources include a reconciliation of obligations incurred with cash outlays during the fiscal year.

Statements of Financing

The primary purpose of the Statements of Financing is to reconcile the difference between obligations, as reported in the federal budget and the statements of budgetary resources, and the net cost of operations as shown in the statements of net cost.

ARCHITECT OF THE CAPITOL

Balance Sheets

As of September 30, 2006 and 2005 in Thousands

	Fiscal Year 2006	Fiscal Year 2005
Assets		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 2)	$ 632,235	$ 652,639
Investments (Note 3)	1,392	7,084
Accounts Receivable (Note 4)	1,461	21,469
Total Intragovernmental Assets	$ 635,088	$ 681,192
Investments (Note 3)	33,202	31,863
Accounts Receivable (Note 4)	139	153
Property and Equipment, Net (Note 5)	1,615,800	1,429,535
Other (Note 6)	16	648
AOC Heritage Collections (Note 1 J)	-	-
Total Assets	**$ 2,284,245**	**$ 2,143,391**

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

ARCHITECT OF THE CAPITOL

Balance Sheets (continued)

As of September 30, 2006 and 2005 in Thousands

	Fiscal Year 2006	Fiscal Year 2005
Liabilities		
Intragovernmental Liabilities:		
Accounts Payable (Note 7)	$ 363	$ 3
Accrued Unfunded Workers' Compensation (Notes 7 and 8)	8,560	8,476
Other (Note 7)	58	1,312
Total Intragovernmental Liabilities	$ 8,981	$ 9,791
Accounts Payable	9,951	2,614
Debt Held by the Public (Note 9)	156,167	159,729
Actuarial Unfunded Workers' Compensation (Note 8)	46,938	48,177
Contingent and Environmental Liabilities (Note 10)	38,694	35,418
Accrued Annual Leave and Other (Note 8)	13,689	13,440
Capital Lease Liability (Note 12)	47,753	34,626
Other Accrued Liabilities (Note 13)	38,793	39,026
Contract Holdbacks (Note 13)	20,468	20,529
Advances from Others (Note 13)	5,381	5,696
Total Liabilities	**$ 386,815**	**$ 369,046**
Net Position		
Unexpended Appropriations	457,254	511,819
Cumulative Results of Operations	1,440,176	1,262,526
Total Net Position	**$ 1,897,430**	**$ 1,774,345**
Total Liabilities and Net Position	**$ 2,284,245**	**$ 2,143,391**

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

ARCHITECT OF THE CAPITOL

Statements of Net Cost

For the years ended September 30, 2006 and 2005 in Thousands

Program Costs	Fiscal Year 2006	Fiscal Year 2005
General and Administrative		
Gross Costs	$ 94,330	$ 55,874
Less Earned Revenue	-	-
Net General and Administrative Costs	**94,330**	**55,874**
Capitol Building		
Gross Costs	37,557	41,743
Less Earned Revenue	(1,548)	-
Net Capitol Building Costs	**36,009**	**41,743**
Senate Office Buildings		
Gross Costs	69,025	64,305
Less Earned Revenue	(4,184)	(55)
Net Senate Office Buildings Costs	**64,841**	**64,250**
House Office Buildings		
Gross Costs	47,541	50,013
Less Earned Revenue	(33)	(41)
Net House Office Buildings Costs	**47,508**	**49,972**
Capitol Power Plant		
Gross Costs	66,872	59,381
Less Earned Revenue	(6,247)	(6,001)
Net Capitol Power Plant Costs	**60,625**	**53,380**
Library of Congress		
Gross Costs	29,144	29,299
Less Earned Revenue	(38)	(315)
Net Library of Congress Costs	**29,106**	**28,984**
Capitol Police		
Gross Costs	10,685	7,694
Less Earned Revenue	-	-
Net Capitol Police Costs	**10,685**	**7,694**
Botanic Gardens		
Gross Costs	6,541	11,706
Less Earned Revenue	-	-
Net Botanic Gardens Costs	**6,541**	**11,706**
Judiciary Buildings		
Gross Costs	34,519	31,451
Less Earned Revenue	(28,507)	(26,488)
Net Judiciary Buildings Costs	**6,012**	**4,963**
Net Cost of Operations	**$ 355,657**	**$ 318,566**

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

ARCHITECT OF THE CAPITOL

Statements of Changes in Net Position

For the years ended September 2006 and 2005 in Thousands

	Fiscal Year 2006	Fiscal Year 2005
CUMULATIVE RESULTS OF OPERATIONS		
Beginning Balances	$ 1,262,526	$ 904,619
Budgetary Financing Sources:		
Other Adjustments (Rescissions, etc.)		
Appropriations Used	506,527	581,291
Non-Exchange Revenue	193	148
Donations & Forfeitures of Cash and Cash Equivalents	-	1,965
Transfers - In/Out Without Reimbursement	-	65,000
Other Financing Sources:		
Transfers - In/Out Without Reimbursement	-	4,168
Imputed Financing from Costs Absorbed by Others (Note 11)	26,587	23,901
Total Financing Sources	**$ 533,307**	**$ 676,473**
Net Cost of Operations	(355,657)	(318,566)
Net Change	**$ 177,650**	**$ 357,907**
Cumulative Results of Operations	**$ 1,440,176**	**$ 1,262,526**
UNEXPENDED APPROPRIATIONS		
Beginning Balances	$ 511,819	$ 735,188
Budgetary Financing Sources:		
Appropriations Received	461,702	385,518
Appropriations Transferred-In/Out	(850)	(15,453)
Other Adjustments (Rescissions, etc)	(8,890)	(12,143)
Appropriations Used	(506,527)	(581,291)
Total Budgetary Financing Sources	**$ (54,565)**	**$ (223,369)**
Total Unexpended Appropriations	**$ 457,254**	**$ 511,819**
Total Net Position	**$ 1,897,430**	**$ 1,774,345**

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

ARCHITECT OF THE CAPITOL

Statements of Budgetary Resources

For the years ended September 30, 2006 and 2005 in Thousands

	Fiscal Year 2006	Fiscal Year 2005
Budgetary Resources		
Unobligated Balance, Brought Forward, October 1	$ 282,773	$ 431,527
Recoveries of Prior Year Unpaid Obligations	14,331	12,166
Budget Authority:		
Appropriation	461,895	385,666
Borrowing Authority	13,730	14,018
Spending Authority from Offsetting Collections Earned:		
Collected	44,900	33,509
Change in Receivables from Federal Sources	1,413	-
Change in Unfilled Orders:		
Advance Received	(315)	5,328
Anticipated for the Rest of the Year Without Advance		
Expenditure Transfers from Trust Funds	-	65,000
Subtotal Budget Authority	$ 521,623	$ 503,521
Nonexpenditure Transfers, Net, Anticipated and Actual	(850)	(15,453)
Permanently Not Available	(26,120)	(29,373)
Total Budgetary Resources	**$ 791,757**	**$ 902,388**
Status Of Budgetary Resources		
Obligations Incurred:		
Direct	$ 481,475	$ 592,199
Reimbursable	36,900	27,415
Subtotal	$ 518,375	$ 619,614
Unobligated Balance:		
Exempt from Apportionment	243,454	263,644
Unobligated Balances - Not Available	29,928	19,130
Total Status Of Budgetary Resources	**$ 791,757**	**$ 902,388**

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

ARCHITECT OF THE CAPITOL

Statements of Budgetary Resources (continued)

For the years ended September 30, 2006 and 2005 in Thousands

	Fiscal Year 2006	Fiscal Year 2005
Change In Obligated Balances		
Obligated Balances, Net:		
Unpaid Obligations, Brought Forward, October 1	$ 396,953	$ 409,623
Less: Uncollected Customer Payments from Federal Sources, Brought Forward, October 1	(20,000)	-
Total Unpaid Obligated Balance, Net	**$ 376,953**	**$ 409,623**
Obligations Incurred, Net	518,375	619,614
Less: Gross Outlays	(539,339)	(620,117)
Less: Recoveries of Prior-Year Unpaid Obligations, Actual	(14,331)	(12,167)
Change In Uncollected Customer Payments from Federal Sources	18,587	(20,000)
Total, Obligated Balances, Net	**$ 360,245**	**$ 376,953**
Obligated Balance, Net, End of Period		
Unpaid Obligations	$ 361,658	$ 396,953
Less: Uncollected Customer Payments from Federal Sources	(1,413)	(20,000)
Total, Unpaid Obligated Balance, Net, End Of Period	**$ 360,245**	**$ 376,953**
Net Outlays		
Gross Outlays	$ 539,340	$ 620,117
Less: Offsetting Collections	(64,585)	(83,836)
Total Net Outlays	**$ 474,755**	**$ 536,281**

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

ARCHITECT OF THE CAPITOL

Statements of Financing

For the years ended September 30, 2006 and 2005 in Thousands

	Fiscal Year 2006	Fiscal Year 2005
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	$ 518,375	$ 619,614
Less: Spending Authority from Offsetting Collections & Recoveries	(60,329)	(116,003)
Net Obligations	**$ 458,046**	**$ 503,611**
Other Resources		
Transfers In/Out without Reimbursement	-	4,168
Imputed Financing from Costs Absorbed by Others (Note 11)	26,587	23,901
Net Other Resources Used to Finance Activities	$ 26,587	$ 28,069
Total Resources Used to Finance Activities	**$ 484,633**	**$ 531,680**
Resources Used to Finance Items Not Part of the Net Cost of Operations		
Change in Budgetary Resources Obligated for Goods, Services and Benefits but not yet Provided	$ (43,126)	$ (7,669)
Resources that Fund Expenses Recognized in Prior Period	(9,688)	1,775
Budgetary Offsetting Collections and Receipts that do not affect Net Cost of Operations	-	(66,965)
Resources that Finance the Acquisition of Assets	236,718	333,777
Obligated Resources that do not affect Net Cost of Operations	(875)	-
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	**$183,029**	**$ 260,918**
Total Resources Used to Finance the Net Cost of Operations	**$ 301,604**	**$ 270,762**

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

ARCHITECT OF THE CAPITOL

Statements of Financing (continued)

For the years ended September 30, 2006 and 2005 in Thousands

	Fiscal Year 2006	Fiscal Year 2005
Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods		
Increase in Annual Leave Liability	$ 72	$ 724
Increase in Environmental and Disposal Liability	24	4,800
Increase in Exchange Revenue Receivable from the Public	-	26
Other (+/-)	(246)	(10,409)
Total Components of Net Cost of Operations that will Require or Generate Resources in Future Periods	**$ (150)**	**$ (4,859)**
Components Not Requiring or Generating Resources:		
Depreciation and Amortization	53,986	52,860
Revaluation of Assets or Liabilities (+/-)	41	-
Other (+/-)	176	(197)
Total Components of Net Cost of Operations that will not Require or Generate Resources	**$ 54,203**	**$ 52,663**
Total Components of Net Cost of Operations that will not Require or Generate Resources in the Current Period	**$ 54,053**	**$ 47,804**
Net Cost of Operations	**$ 355,657**	**$ 318,566**

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

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 1: Summary of Significant Accounting Policies

A. Reporting Entity

The Architect of the Capitol (AOC) is an office 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," our role has evolved to include responsibility for the maintenance, operation, development, and preservation of the Capitol Building, Senate Office Buildings, House Office Buildings, Library of Congress Buildings and Grounds, Capitol Power Plant, U.S. Botanic Garden, Capitol Police Buildings and Grounds, Supreme Court Building and Grounds, and all of the grounds encompassing the Capitol campus.

We are also responsible for:

- providing facilities management services for the Senate Restaurants
- construction of the Capitol Visitor Center
- arrangements for the Presidential Inaugural and other ceremonies held on the Capitol Grounds
- providing steam and chilled water to the Supreme Court and Thurgood Marshall Federal Judiciary Buildings, Union Station, and the Folger Library, as well as steam only to the Government Printing Office and the Postal Square building

Non-entity activities include:

- a portion of steam and chilled water,
- flag-flying fees, and
- provision of palm trees for rent.

Upon receipt, funds for these activities are not available for our use. The only non-entity asset is in accounts receivable.

B. Basis of Accounting and Presentation

Our Balance Sheet has been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as promulgated by the Federal Accounting Standards Advisory Board (FASAB). The American Institute of Certified Public Accountants (AICPA) recognizes FASAB standards as GAAP for federal reporting entities. These principles differ from budgetary reporting principles. The differences relate primarily to the capitalization and depreciation of property and equipment as well as the recognition of other long-term assets and liabilities.

GAAP require us to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, liabilities (including contingent liabilities), and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from our estimates.

For financial reporting purposes, we have issued AOC Order No.32-02 which adopts GAAP for financial reporting and internal controls in a manner consistent for a legislative office. As a legislative branch office, we are not required to follow the accounting principles established by the Comptroller General under 31 U.S.C. 3511 or the standards promulgated by FASAB.

We have not adopted the Federal Managers Financial Integrity Act, the Federal Financial Management Improvement Act of 1996, or the Government Performance and Results Act, as these standards apply only to executive branch agencies. We are committed to using these Acts as "best practices" and are incorporating them into our financial management practices as appropriate.

C. Fund Balance with Treasury

We maintain all cash accounts, with the exception of investments described in Note 3, with the U.S. Department of Treasury (Treasury). The Fund Balance with Treasury account represents the unexpended balances of appropriation accounts, trust accounts, and revolving funds. Cash receipts and disbursements are processed by Treasury, and our records are reconciled with those accounts on a regular basis.

D. Accounts Receivable

Accounts Receivable includes reimbursement for supplying entities on Capitol Hill with steam and chilled water to heat and cool their facilities (see Note 4). Per annual appropriation, we provide steam and chilled water to the Folger Library, Union Station, Supreme Court and Thurgood Marshall Federal Judiciary Buildings, as well as steam only to the Government Printing Office and the Postal Square building. We are legislatively provided the ability to collect a pre-determined amount to recover the cost of supplying these services and record these amounts as offsetting collections. Any amount collected over the pre-determined amount is credited to the Treasury's Miscellaneous Receipt Fund and is a non-entity asset.

E. Investments

As a result of financing the construction of the Thurgood Marshall Federal Judiciary Building, we have funds invested by a trustee (see Note 3). These investments are recorded at current market value.

F. Trust and Revolving Funds

We have stewardship responsibility for three revolving funds that are included in the balance sheet. The revolving funds consist of the House of Representatives Wellness Center Fund, the Senate Health and Fitness Facility Fund, and the Judiciary Office Building Development and Operations Fund. Preservation and maintenance of the House of Representatives Wellness Center are paid by members' dues. Proceeds from the Senate recycling program are used to pay for the preservation and maintenance of the Senate Health and Fitness Facility. The Judiciary Office Building Development and Operations Fund is used to record transactions related to the Thurgood Marshall Federal Judiciary Building (TMFJB) *(see Note 3)*.

We also administer the National Garden Trust Fund, subject to the direction of the Joint Committee on the Library (of Congress). We are authorized to accept gifts or bequests of money, plant material, and other property on behalf of the Botanic Garden. Gifts of money are deposited into the National Garden Trust Fund. We can also dispose of, utilize, obligate, expend, disburse, and administer such gifts for the benefit of the Botanic Garden, including, among other things, the carrying out of any programs, duties, or functions of the Botanic Garden, and for constructing, equipping, and maintaining the National Garden *(see Note 3)*.

G. Recognition of Financing Sources

We receive funding to support our programs through appropriations authorized by Congress. Funding for our operating and capital expenditures is received as annual, multi-year, and no-year appropriations. The appropriations we receive are:

- Botanic Garden
- Capitol Building
- Capitol Grounds
- Capitol Police Buildings and Grounds
- Capitol Power Plant
- Capitol Visitor Center
- Congressional Cemetery
- General Administration
- House Office Buildings
- Library Buildings and Grounds
- Senate Office Buildings

H. Operating Materials and Supplies

Our materials and supplies consist of tangible personal property consumed during normal operations. Per Statement of Federal Financial Accounting Standard (SFFAS) No. 3, "Inventory and Related Property," operating materials and supplies are recorded using the purchases method. The purchases method provides that operating materials and supplies be expensed when purchased.

Operating materials and supplies are purchased using funds specifically appropriated to our ten jurisdictions; therefore, the related usage of those materials and supplies is restricted to those specific appropriations making the purchases.

I. Property and Equipment

We record property and equipment at cost. We depreciate buildings and equipment over their estimated useful lives, which range from 2 to 40 years, using the straight-line method. All AOC property and equipment is in our possession. None is held by others *(see Note 5)*.

The following table presents our capitalization thresholds and related useful lives.

Property Type	Useful Life (years)	Capitalization Threshold
Real Property	40	$200,000
Improvements	20	$200,000
Equipment and Vehicles	2-15	$25,000
Assets under Capital Lease	Shorter of Lease Term or Useful Life of Property Type	See related Property Type
Intellectual Property	3	$1,000,000

The Capitol Building, the Supreme Court Building, and the Senate and House office buildings, as well as the Library of Congress Jefferson Building, are considered multi-use heritage assets and are included in the balance sheet.

J. AOC Heritage Collections

The AOC's collections are classified as "heritage assets." Per SFFAS No. 6, their value is not presented on our balance sheets. Stewardship information covering the acquisition, use, and preservation of the collections is contained in the Stewardship Report.

K. Liabilities

Liabilities represent the amounts we owe to others for goods or services received, and amounts owed for progress in contract performance. Because no liability can be paid without an enacted appropriation, some liabilities are funded while others are unfunded. For accrued unfunded annual leave and workers' compensation, appropriations may be enacted to fund these activities. The Balance Sheet presents the following types of liabilities:

- Unfunded actual and actuarial workers' compensation
- Accounts payable
- Debt held by the public
- Annual leave
- Capital lease liability

L. Personnel Compensation and Benefits

Federal Employee Benefits -The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. 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. The DOL determines the actuarial liability for claims outstanding at the end of each fiscal year. This liability includes the estimated future costs of death benefits, workers' compensation, and medical and miscellaneous costs for approved compensation cases *(see Note 8)*.

We recognize our share of the cost of providing future pension benefits to eligible employees over the period that they render the related services. This amount is considered imputed financing to us *(see Note 11)*.

We also recognize a current-period expense for the future cost of post-retirement health benefits and life insurance for our employees while they are actively employed. This amount is also considered imputed financing to us *(see Note 11)*.

Annual, and Other Leave - Annual leave is recognized as an expense and a liability as it is earned. The liability is reduced as leave is taken. The accrued leave liability is principally long- term in nature. Other types of leave are expensed when taken and no future liability is recognized for these amounts *(see Note 8)*.

M. Contingencies

We account for contingencies in accordance with SFFAS No. 5, "Accounting for Liabilities of the Federal Government." It defines a contingency as an existing condition, situation, or set of circumstances involving uncertainty as to the possible gain or loss to an entity that will ultimately be resolved when one or more future events occur or fail to occur. We recognize a contingent liability 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. We have recorded provisions for losses in relation to the definition of contingent liabilities documented above *(see Note 10)*.

N. Statement of Net Cost

The Statement of Net Cost (SONC) is presented in accordance with SFFAS No. 4, by responsibility segment/jurisdiction. Costs not otherwise assigned to responsibility segment/jurisdictions are presented as General Administrative. We have a number of initiatives (cost accounting, performance-based budgeting, etc.) in process that will assist us with gathering data in a manner to provide even more information to our stakeholders. While these initiatives are in various stages of progress, we believe the responsibility segment/jurisdiction approach provides information to our stakeholders in a direct and succinct manner. As our financial reporting processes mature, we plan to enhance our SONC by linking it to our strategic plan following best practices seen at other agencies.

The responsibility segments are aggregates of the following funds:

- General Administrative
  - General Administrative
  - American Disabilities Act
  - Congressional Cemetery
- Capitol Buildings and Capitol Grounds
  - Capitol Buildings
  - Capitol Grounds
  - Capitol Visitor Center
  - West Central Front
- Senate Office Building
  - Senate Office Building
  - Senate Health and Fitness
- House Office Building
  - House Office Building
  - House Wellness Center
- Capitol Power Plant
- Library of Congress and Grounds
- Capitol Police and Grounds
- Botanic Garden
  - Botanic Garden
  - National Garden
- Judiciary Buildings and Grounds
  - Supreme Court
  - Thurgood Marshall

Revenues are calculated on a direct cost recovery basis.

O. Reclassifications

Reclassifications were made to the presentation of the September 30, 2005 financial statements and footnotes to improve their comparability with the September 30, 2006 statements and footnotes.

NOTE 2: Fund Balance with Treasury

Our funds with Treasury primarily consist of appropriated funds. We also have stewardship responsibility for three revolving funds and administer one trust fund. The balance of these funds as of September 30, 2006 and 2005 is as follows:

A. Fund Balances

$ in thousands

Fund Type	2006	2005
Appropriated Funds	$630,109	$650,861
Revolving Funds	10	2
Trust Funds	2,116	1,776
Total	**$632,235**	**$652,639**

B. Status of Fund Balance with Treasury

We classify our funds with Treasury as obligated, unobligated available, or unobligated unavailable. Unobligated available balances represent unexpired appropriations available for incurring new obligations. Unobligated unavailable balances are expired appropriations no longer available to incur new obligations. Obligated balances not yet disbursed include undelivered orders or orders received but not yet paid.

Status of Fund Balance with Treasury as of September 30, 2006 and 2005, consist of the following:

$ in thousands

Balance Type	2006	2005
Unobligated Balance		
Available	$235,600	$243,011
Unavailable	34,977	32,675
Obligated Balance		
not yet Disbursed	361,658	376,953
Total	**$632,235**	**$652,639**

C. Other information

As of September 30, 2006, we had the following differences due to disbursement transactions in-transit:

1) $116 was not yet posted to our general ledger, but had been reported to Treasury by the National Finance Center, and
2) $837 thousand was posted to our general ledger but the Supreme Court had not yet reported this to Treasury.

NOTE 3: Investments

A. Investments with Treasury

The National Garden at the U.S. Botanic Garden was funded privately via The National Fund for the U.S. Botanic Garden (USBG), a not-for-profit corporation assisting the Architect of the Capitol in raising private funds pursuant to Public Law 102-229. This is the first project, authorized by Congress for construction by the Architect of the Capitol, which was financed with privately donated funds. Funds were raised by private citizens, corporations, and garden clubs from across the nation. We invest the donated funds in government account securities through the Bureau of Public Debt using their Web based application, FedInvest. By law, the interest earned is credited to the National Garden fund.

The balances at year September 30, 2006 and 2005 are as follows:

$ in thousands

Investments Held With Treasury	2006	2005
Invested	$ 7,084	$10,192
Interest	192	148
Less: Expended	(5,884)	(3,256)
Total	**$ 1,392**	**$ 7,084**

B. Investments held Outside Treasury

In 1989, we entered into a contractual agreement with Boston Properties for the construction of the Thurgood Marshall Federal Judiciary Building. To finance the construction of the building, Shearson Lehman Hutton, Inc., and Kidder, Peabody, & Co., Inc., issued 30-year Serial Zero Coupon Certificates of Participation.

The proceeds were received by a trustee, The U.S. Trust Company of NY (now The Bank of New York), and deposited into two funds, the Project Fund and the Operating Reserve Fund. The funds are held outside the U.S. Treasury by the trustee and, at our direction, are invested or disbursed.

After construction, the remaining amounts were left in trust in the Project Fund. The fund is used to finance major construction of improvements, additions, and changes or renovations. The Operating Reserve Fund is held in reserve for future needs (e.g., roof replacement, major renovation). The market values of these funds are listed below:

$ in thousands

Investments Held Outside Treasury		
Fund Type	**2006**	**2005**
Operating Reserve	$31,932	$30,630
Project	1,270	1,233
Total	**$33,202**	**$31,863**

NOTE 4: Accounts Receivable

The breakdown of consolidated gross accounts receivable at September 30, 2006 and 2005 is as follows:

$ in thousands

Accounts Receivable		
Receivable Type	**2006**	**2005**
Entity:		
Intragovernmental	$1,413	$ 20,163
With the Public	129	143
Total Entity	**1,542**	**20,306**
Non-Entity:		
Intragovernmental	48	1,306
With the Public	10	10
Total Accounts Receivable	**$1,600**	**$ 21,622**

Based upon a year-end review, all receivables are deemed collectible.

NOTE 5: Property and Equipment

We differentiate our property and equipment by distinct categories. The following represents those categories in further detail.

$ in thousands

Property and Equipment - 2006			
Class of Property and Equipment	**Acquisition Value**	**Accumulated Depreciation**	**Net Book Value**
Buildings	$ 740,615	$ 431,339	$ 309,276
Building Improvements	729,105	410,564	318,541
Land	154,823	-	154,823
Land Improvements	101,796	17,241	84,555
Capital Leases			
Real Property	62,603	18,445	44,158
Personal Property	91	91	-

$ in thousands

Property and Equipment - 2006 (continued)

Class of Property and Equipment	Acquisition Value	Accumulated Depreciation	Net Book Value
Leasehold Improvements	22,387	2,593	19,794
Equipment			
Computers, Hardware and Other	19,741	12,903	6,838
Construction Work-in-Progress	677,815	-	677,815
Total	**$2,508,976**	**$ 893,176**	**$1,615,800**

$ in thousands

Property and Equipment - 2005

Class of Property and Equipment	Acquisition Value	Accumulated Depreciation	Net Book Value
Buildings	$ 744,249	$ 417,253	$ 326,996
Building Improvements	690,425	383,205	307,220
Land	154,823	-	154,823
Land Improvements	78,445	12,959	65,486
Capital Leases			
Real Property	36,281	5,458	30,823
Personal Property	8,790	8,772	18
Leasehold Improvements	9,592	762	8,830
Equipment			
Computers, Hardware and Other	14,725	10,790	3,935
Construction Work-in-Progress	531,404	-	531,404
Total	**$2,268,734**	**$ 839,199**	**$1,429,535**

The educational, artistic, architectural, and historical significance of the Capitol, Senate, House, Supreme Court, and Jefferson buildings meets the FASAB criteria for heritage assets. Because these buildings are currently used for day-to-day business, they are further classified as multi-use heritage assets. This means we depreciate them in the same manner as if they were general purpose assets.

We are responsible for reviewing and authorizing all changes to the buildings and grounds prior to any change occurring.

NOTE 6: Other Assets

$ in thousands

	2006	2005
Advances to Others	$ 16	$ 648

In 2006, Advances to Others consisted of travel advances and the prepaid TMFJB investment fund fee. In 2005, Advances to Others also included a prepayment of a subscription service. The timing of payments for the subscription service was changed in 2006.

NOTE 7: Liabilities Not Covered by Budgetary Resources

The liabilities on our Balance Sheets as of September 30, 2006 and 2005 include liabilities not covered by current budgetary resources. These liabilities require Congressional action prior to budgetary resources being provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities. Liabilities not covered by budgetary resources generally include accrued annual and compensatory leave, workers' compensation, debt held by the public, and capital lease liability. Liabilities not covered by budgetary resources for 2006 and 2005 are as follows:

$ in thousands

Liabilities	2006	2005
Intragovernmental:		
Accounts Payable	$ 363	$ 3
Accrued Unfunded Workers' Compensation	8,560	8,476
Other	58	1,312
Total Intragovernmental	$ 8,981	$ 9,791
Total Liabilities Not Covered by Budgetary Resources	$300,631	$288,923
Total Liabilities Covered by Budgetary Resources	86,184	80,123
Total	**$386,815**	**$369,046**

NOTE 8: Payroll and Liabilities

The liability for Accrued Annual Leave and Other is comprised of three accounts: Funded Accrued Payroll (payrolls that have been earned but not paid), Unfunded Accrued Annual Leave (employee leave that has been earned but not taken) and Unemployment Compensation.

$ in thousands

Accrued Annual Leave and Other		
Accrual Type	**2006**	**2005**
Funded Accrued Payroll	$ 6,317	$ 6,169
Unfunded Accrued Annual Leave	7,343	7,271
Unemployment Compensation	29	-
Total	**$13,689**	**$13,440**

Workers' Compensation is reported as required by the Federal Employees' Compensation Act (FECA). The liability is presented in two parts: an annual accrued liability for billed costs (current portion) and a long-term, actuarial-based unfunded liability (see Note 1.L).

The actuarial workers' compensation liability for 2006 and 2005 was calculated using a formula provided by the DOL.

$ in thousands

Workers' Compensation		
Type	**2006**	**2005**
Unfunded Annual (current)	$ 8,560	$ 8,476
Actuarial Unfunded (long- term)	$ 46,938	$ 48,177

Estimated future costs have been actuarially determined, and they are regarded as a liability to the public because neither the costs nor reimbursement have been recognized by DOL. Workers' Compensation is included in Liabilities not covered by Budgetary Resources, as described in Note 7.

NOTE 9: Debt Held by the Public

As of September 30, 2006 and 2005, Debt Held by the Public consists of the financing obtained for the construction of the Thurgood Marshall Federal Judiciary Building. The debt consists of 30-year Serial Zero Coupon Certificates of Participation issued in 1988 worth $125,391,621 with a maturity value of $525,515,000. The certificates are amortized using the effective interest rate of 8.72%. The balance of Debt Held by the Public is as follows:

$ in thousands

Debt Held by the Public	2006	2005
Securities	$310,140	$327,370
Interest Payable	1,158	1,246
Subtotal	311,298	328,616
Discount on Securities	(400,123)	(400,123)
Less: Amortization of Discount	244,992	231,236
Subtotal	(155,131)	(168,887)
Total	**$156,167**	**$159,729**

Various judiciary offices and personnel occupy the Thurgood Marshall Federal Judiciary Building under an Interagency Agreement between the AOC and the Administrative Office of the U.S. Courts. Base rent will not change over the initial 30 years and is set at the amount necessary to retire the debt at $17,230,000 annually. Payment of the certificates will end in August 2024.

Per the language in the certificate agreement, "This Certificate is not subject to prepayment or acceleration under any circumstance."

NOTE 10: Contingent and Environmental Liabilities

We conducted a review of contingent liabilities for financial statement purposes for 2006 and 2005. Based on this review, we recorded a contingent liability for claims we think it probable we will lose and for which we can reasonably estimate the amount of an unfavorable outcome. Our review covered claims arising from contracts, environmental issues, labor and equal employment opportunity issues, and personal and property damage. Additionally, management and General Counsel evaluated the materiality of cases determined to have a reasonably possible chance of an adverse outcome. None of these cases were determined to meet our materiality threshold.

Fort Meade, Maryland

Our review concluded that we are 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 (FGGM),

which the U.S. Army transferred to us. The Army is responsible for the environmental clean-up of any previous contamination under the Comprehensive and Environmental Response Compensation and Liability Act (CERCLA). We understand that the Army is actively monitoring existing contamination on the entire FGGM site, including the 100 acres transferred to us, and is pursuing appropriate remediation of this contamination.

Capitol Power Plant

The Office of Compliance issued a complaint in February 2006, alleging that certain unsafe work practices and conditions exist at the Capitol Power Plant (CPP) utility tunnels. The alleged unsafe work practices and conditions cited in the complaint pertain to the structural integrity of concrete in the utility tunnels and tunnel egress and communication systems.

In addition, in January 2006, the Office of Compliance issued Citations 59 and 60. These citations are not part of the complaint and formal enforcement action but also address other alleged unsafe work practices and conditions at the CPP utility tunnels. The unsafe work practices and conditions alleged by the Office of Compliance in Citation 59 are that employees working in the utility tunnels are exposed to heat stress conditions. Citation 60 is discussed below under Environmental Cleanup Cost Liability.

We are actively seeking solutions to the issues identified by the Office of Compliance. We intend to pursue settlement discussions with the goal of coming to a resolution of the issues in the complaint conditioned upon our budget authority, and logistical, technical and other limitations outside of our control.

Because the review of estimates is required in the preparation of our financial statement, our balance sheets reflect a liability of approximately $34 million in 2006 and $31 million in 2005. Management and General Counsel believe that we have made adequate provision for the amounts that may become due under the suits, claims, and proceedings we have discussed here.

Environmental Cleanup Cost Liability

In January of fiscal year 2006, the Office of Compliance issued Citation 60, addressing certain alleged unsafe work practices and conditions at the Capitol Power Plant utility tunnels. Since these conditions existed at the end of 2005 and some of these tunnels have been in place and functioning since the early 1900's, we booked a liability and a related prior period adjustment as required by SFFAS 6, paragraph 105 on our 2005 financial statements. In Citation 60, the Office of Compliance alleges that the AOC has not adequately monitored Capitol Power Plant employees for asbestos exposure, provided required information to employees regarding the presence and location of asbestos in the tunnels, provided the required notification to employees regarding asbestos containing materials, or adequately maintained the tunnels so they were as free as practicable from asbestos, and asbestos waste, debris, and dust. Funding was requested and funds were appropriated by Congress to address the tunnel issues which is an amount adequate in management's opinion to comply with the Environmental Protection Agency's guidelines.

NOTE 11: Imputed Financing

In accordance with SFFAS No. 4, "Managerial Cost Accounting," imputed financing results when an entity receives un-reimbursed services from other government entities.

Our imputed financing consists of future pension benefits for our employees that are paid on our behalf by the Office of Personnel Management, and design elements paid for by the Army Corps of Engineers to improve building infrastructure campus-wide.

With certain exceptions, employees participate in one of three defined benefit retirement programs based upon the starting date of their employment with us: employee and employer contributions are made to the Civil Service Retirement and Disability Fund (CSRDF), the Civil Service Retirement Offset, or the Federal Employee Retirement System, all of which are administered by the Office of Personnel Management. Employees may also participate in the Thrift Savings Plan, which is a defined contribution retirement savings and investment plan. Our employees are authorized to participate in the Thrift Savings Plan by the Federal Employees Retirement System Act of 1986. The Federal Retirement Thrift Investment Board administers the Plan.

Civil Service Retirement System (CSRS)

According to PL 99-335, all employees hired prior to January 1, 1987, could elect CSRS or CSRS Offset. The CSRS provides a basic annuity and Medicare coverage. The CSRS fund covers most employees hired prior to January 1, 1984. The AOC and the employee contribute to

Medicare at the rate prescribed by law. We do not match contributions to the Thrift Savings Plan for employees who participate in the CSRS.

Civil Service Retirement System Offset

CSRS Offset generally covers those employees who have had a break in their CSRS service of more than one year and less than five years by the end of 1986. The AOC and the employee contribute to Social Security and Medicare at the rates prescribed by law. We do not match contributions to the Thrift Savings Plan for employees who participate in the CSRS Offset.

Federal Employee Retirement System (FERS)

According to PL 99-335, employees with less than five years of creditable civilian service as of December 31, 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 Thrift Savings Plan.

The AOC and the employee contribute to Social Security and Medicare at rates prescribed by law.

In addition, we are required to contribute to the Thrift Savings Plan a minimum of 1% per year of the basic pay of employees covered by this system. We also match a voluntary employee contribution up to 3% dollar-for-dollar, and another 2% is matched 50 cents on the dollar.

Imputed Financing consists of the following:

$ in thousands

Imputed Financing		
Benefit Type	**2006**	**2005**
CSRS	$ 8,439	$ 8,350
CSRS Offset	699	685
FERS	14,758	11,983
Less: Contributions	(18,389)	(17,381)
Subtotal Pensions	5,507	3,637
Health	8,519	7,883
Life Insurance	23	17
Total Employee Benefits	$ 14,049	$ 11,537
Corps Building Improvements	12,538	12,364
Total	**$26,587**	**$23,901**

NOTE 12: Leases

As of September 30, 2006 and 2005, we were committed to various noncancelable operating leases primarily covering administrative office space and storage facilities, motor vehicles, and office equipment. Many of these leases contain escalation clauses tied to inflationary and tax increases, and renewal options.

The following is a schedule of the present value of the future minimum lease payments required by those leases identified as capital leases, which have initial or remaining noncancelable lease terms in excess of one year.

Capital Leases

$ in thousands

Capital Leases			
Fiscal Year	**Real Property**	**Personal Property**	**Total**
2006	$ 83	$ 5	$ 88
2007	5,945	-	5,945
2008	5,979	-	5,979
2009	6,015	-	6,015
2010	6,050	-	6,050
2011	6,086		6,086
Thereafter	31,614	-	31,614
Total Future Lease Payments			61,777
Less: Imputed Interest			14,024
Net Capital Lease Liability			**$ 47,753**

Operating Leases

We currently have leases with the General Services Administration (GSA) and commercial vendors for office and storage space, plus rentals of equipment and vehicles.

The aggregate of our future payments due under noncancelable operating leases and our estimated real property payments to GSA for fiscal year 2007 through fiscal year 2011 is as follows:

$ in thousands

Operating Leases			
Fiscal Year	**Real Property**	**Personal Property**	**Total**
2007	$ 7,568	$ 51	$ 7,619
2008	1,388	41	1,429
2009	1,392	41	1,433
2010	747	41	788
2011	499	41	540
Thereafter	-	525	525
Total Future Lease Payments			**$12,334**

NOTE 13: Other Liabilities

During fiscal years 2006 and 2005, other liabilities consists of accrued accounts payable, contract holdbacks, advances from others, and miscellaneous receipts that are to be forwarded to Treasury (custodial liabilities). These receipts included, but were not limited to, flag-flying fees, rent for the Monocle restaurant, and steam and chilled water. These liabilities are current.

NOTE 14: Net Cost of Operations

Expenses for salaries and related benefits for 2006 and 2005 amounted to $150 and $155.6 million, which was about 38% and 39% of our annual net cost of operations for both years. Included in the net cost of operations are imputed federal employee benefit costs of $14 and $11.5 million paid by OPM.

Exchange revenue with the public consists of revenues received for services provided, such as access to the Senate Health and Fitness Facility, House Wellness Center, steam and chilled water to governmental and private entities, work performed on reimbursable projects, and lastly, rent, interest and reimbursement for projects performed related to the Thurgood Marshall Building.

NOTE 15: Explanation of the Relationship Between Liabilities Not Covered by Budgetary Resources and the Change in Components Requiring or Generating Resources in Future Periods

Increases in workers compensation, accrued annual leave, and other liabilities are reported in the Statement of Financing. These changes represent the decreases in liabilities not covered by budgetary resources, as reported in Note 7.

$ in thousands

	2006	2005
Liabilities not covered by budgetary resources	$300,631	$288,923
Less: Liabilities that are not components of net cost		
Debt held by the public	156,167	159,729
Capital leases	47,753	34,626
Liabilities not covered by budgetary resources that are components of net cost	$ 96,711	$ 94,568
Less: Prior year liabilities that are not components of current year net costs	96,861	99,453
Increase in exchange revenue receivable from the public	-	26
Change in Workers' Compensation, Accrued Annual Leave, and Other Liabilities, as reported on the Statement of Financing	$ (150)	$ (4,859)

The Components Requiring Resources in Future Periods includes increases in certain liability accounts, such as accrued annual leave, that are also included in the category "Not Covered by Budgetary Resources." In this instance, the expense is recorded for the period when the leave is earned and is included as a current period cost on the Statement of Net Cost.

The Balance Sheet uses proprietary accounts to present the balances for "Liabilities Not Covered by Budgetary Resources". An increase in the annual leave liability increases the unfunded liability on the Balance Sheet and the expenses on the Statement of Net Cost. The increase is not included in the Statement of Budgetary Resources since the liability will be paid from future resources. As a result, the Statement of Financing reports "Components Requiring Resources in Future Periods" which includes items such as accrued annual leave to reconcile budgetary resources to net cost.

NOTE 16: Deferred Maintenance

Identifying needed "Deferred Maintenance" and "Capital Renewal" projects is a primary objective of Facility Condition Assessments (FCA's). Included in the FCA analysis is a highly technical but objective determination of when a work element needs to be accomplished. For some systems and building components, the extent and quality of maintenance directly affects life expectancy.

We have completed FCA's on nearly all of our buildings. The data gathering for these assessments was performed using methodologies including:

- Physical Surveys of the subject space
- Review of recent plans, reports or studies
- Interviews with current facility managers and staff
- Review of existing data from project management tools

Standards are provided for evaluating facility condition. These standards include (but are not limited to):

- Overview and summary condition descriptions for each facility
- Suggested project schedule for performance of deferred maintenance or capital renewal based on condition of systems and building components.
- Initial Facility Cost Assessment for deferred maintenance and capital renewal work.
- Use of Standardized Project Priority levels and "Project Classifications"

The results of these Facility Condition Assessments have and will provide a basis for developing a comprehensive facility maintenance and capital improvements plan. They provide a reasonable and supportable estimate regarding the level of deferred maintenance and capital renewal work required for the buildings within the Capitol Hill complex.

REQUIRED SUPPLEMENTARY INFORMATION

Heritage Assets

The Architect of the Capitol (AOC) is responsible for the stewardship of heritage assets throughout the Capitol Complex, which are those in or attached to the United States Capitol Building and on the Capitol Grounds. We are also responsible for the care of other works of architectural fine art in the different jurisdictions throughout the Capitol complex, primarily in the Library of Congress' Thomas Jefferson Building. Fine art is considered to be work that is created by a known artist and is unique; that is, it is not repeated as part of a decorative scheme. Our revised Strategic Plan describes our plans to update and refine our heritage asset inventories, which include the inventory of architectural and decorative features throughout the Capitol Complex.

The following tables show a rating scale for general condition ranging from poor to good. This is the aggregate condition of the collection at the end of the fiscal year (September 2006). An asset in "poor" condition is one that exhibits structural damage or problems and requires significant restoration to return it to its original condition. "Fair" condition means that the asset is structurally sound, but its aesthetic integrity could be improved through conservation. "Good" is used to describe the condition of objects in satisfactory structural condition, which retain its aesthetic integrity and do not require immediate attention beyond routine maintenance. This includes recently conserved works of art. In the case of historic records, "fair" indicates those that are secured and accessioned in the Records Center and Archives and "good" refers to records fully processed and stored in archival conditions.

We periodically conduct and document condition surveys, and we request funds to ensure that heritage assets remain in good condition for future generations.

Capitol Building

1. Fine Art

This group includes unique works of art by known artists that are not permanently attached to or designed for the structure, i.e., collectible. They are divided between works that are under the jurisdiction of the Joint Committee on the Library and currently cared for by AOC as well as those originally accepted by the Joint Committee on the Library that are also joint in subject matter. These are counted as "possibly joint," although they are located in the Senate and House wings and in many cases considered to be part of the Senate or House collections. Treatment of fine art is performed by professional fine arts conservators working under contract.

1.A. Interior Sculpture

The Capitol is filled with bronze and marble sculptures. Many of them are part of the National Statuary Hall Collection, which consists of two statues donated by each state. The collection, established in 1864, was complete this year.

Sculpture	As of 10/01/05	As of 9/30/06	Change	General Condition
National Statuary Hall Statues	100	100	-	Fair to Good [1]
Other Statues in Rotunda [2]	6	6	-	Fair to Good
Possibly Joint Statues	5	5	-	Good
Busts	10	10	-	Good
Possibly Joint Busts	26	26	-	Good
Other (maquettes, etc.)	8	8	-	Good

[1] In 2002 conservators made a condition assessment of the National Statuary Hall Collection. We are conserving the sculptures in increments, and we have developed a maintenance program.

[2] The Magna Carta display and Portrait Monument are included in this group.

1.B. Oil Paintings and Frames

The largest collection of oil paintings consists of the portraits of the House of Representatives committee chairmen. Before 2002, the oil paintings were catalogued and conserved by the Architect of the Capitol, but they are currently cared for by the House Curator under the Clerk of the House.

Oil paintings cared for by the Architect of the Capitol include the collection of portraits of Architects of the Capitol and other paintings within the office of the Architect.

Paintings	As of 10/01/05	As of 9/30/06	Change	General Condition
Portraits	20	20	-	Good
Possibly Joint Portraits	23	23	-	Good
Paintings Other Than Portraits	5	5	-	Good
Possibly Joint Paintings	24	24	-	Good

1.C. Works on Paper (Watercolors, Drawings, Prints)

The House Curator cares for the major collection of prints featuring the U.S. Capitol, the Conable Collection, and other prints accepted by the House Fine Arts Board. AOC has a small number of works on paper primarily related to the U.S. Capitol, which is used for research purposes.

2. Decorative Art

These include objects of great craftsmanship and historical importance to more mass-produced objects. Often the name of the designer or maker is unknown. Conservation treatment may be appropriate for the highest level of decorative art. We consider the overmantel mirror frames in the category of architectural art, because of their scale and the fact that many were designed for a particular location.

Decorative Art	As of 10/01/05	As of 9/30/06	Change	General Condition
Gilded Overmantel Mirror Frames	approx. 80	approx. 80	-	Fair to Good
Historic Furniture	approx. 34	approx. 34	-	Fair to Good [3]
Antique Clocks	15	16	1 [4]	Fair to Good
Textiles	2	2	-	Fair

[3] Multi-year funds were obligated in 2004 to conserve 16 benches as part of Improvements in the Rotunda. We completed the work this year.
[4] The U.S. Capitol Historical Society donated an historic clock, which was accepted by the Joint Committee on the Library.

3. Architectural Fine Art

These are part of the fabric of a structure, permanently attached to the structure or building systems, or designed as part of an architectural space.

Architectural Fine Art	As of 10/01/05	As of 9/30/06	Change	General Condition
Pediments	3	3	-	Poor to Fair [5]
Statues	7	7	-	Good
Sculptured stair railings	4	4	-	Good
Architectural models on display	1	1	-	Good
Reliefs	38	38	-	Fair to Good
Bronze doors	4	4	-	Fair [6]
Plaques	28	28	-	Fair
Stained glass/Mosaics	15	15	-	Poor to Good [7]
Rooms or spaces with Fine Art Murals [8]	78	79	1	Fair to Good
Rotunda Paintings [9]	8	8	-	Good

[5] We completed a condition survey of the pediments and have planned the work in conjunction with work on the architectural stonework of the building.
[6] House and Senate bronze doors have had mechanical work done this year. The Rotunda door mechanical work and conservation of all three doors will take place in 2007.
[7] A survey this year revealed that the four stained glass laylights in the Grand Stairways are in poor condition and a possible safety hazard. We have planned their removal for early 2007, with restoration to be made at a future date.
[8] Each room or space may contain multiple sections of murals with individual mural scenes, figures, etc., so that the total number of vaults, lunettes, medallions, etc., painted on the walls of the Capitol would number in the hundreds.
[9] We completed the conservation of the historic gilded frames this year. We have planned for the surface cleaning of the paintings for 2007.

4. Architectural Decorative Arts

These heritage assets are part of the fabric of a structure, permanently attached to the structure or building systems, or designed as part of an architectural space.

Architectural Decorative Art	As of 10/01/05	As of 9/30/06	Change	General Condition
Mantels	149	149	-	Good
Chandeliers	approx. 480 [10]	approx. 480	-	Fair to Good
Sconces	approx. 240 [10]	approx. 240	-	Fair to Good
Rooms or spaces with Decorative Murals [11]	51	51	-	Fair to Good

[10] Approximately one-third of these lighting fixtures would be considered historic; many, however, have been purchased since 1960.

[11] Not included among the heritage assets are approximately 30 rooms with recent decorative stenciling, etc.

5. Architectural Features

The Capitol Superintendent, or in some cases the Senate Sergeant at Arms, maintains the historic architectural features, such as woodwork, shutters, columns, capitals, brackets, historic floors (like the Minton Tile floors in the Capitol), and special architectural surfaces (such as marble and scagliola). There is no count of these features available, although some of them may be included in various condition surveys. The numbers are large; for example, there are at least 450 interior columns and pilasters with carved capitals. In recent years attention has been paid to the restoration of the historic scagliola, an imitation marble installed in the 1850s.

Capitol Grounds

Outdoor Sculpture	As of 10/01/05	As of 9/30/06	Change	General Condition
Monuments/statues	3	3	-	Good
Fountains with Sculpture	2	2	-	Poor to Good

Landscape Features and Fixtures (Capitol Square)	As of 10/01/05	As of 9/30/06	Change	General Condition
Lighting Fixtures [12]	approx. 166	approx. 166	-	Fair
Urns [13]	20	20	-	Good
Reliefs (in stone wall) [14]	N/A	N/A	-	Poor to Fair

[12] We are restoring the light fixtures from the East Front as part of the Capitol Visitor Center construction.
[13] We reinstalled in 2006 the restored West Front urns, two light posts, and two East Front fountain basins. We plan to reinstall in 2007 the restored East Front light fixtures, which were removed for the construction of the Capitol Visitor Center.
[14] The Olmsted walls were documented and a condition assessment was made in 2006.

House Office Buildings

Architectural Fine Art	As of 10/01/05	As of 9/30/06	Change	General Condition
Pediments	1	1	-	Fair
Sculpture	8	8	-	Fair
Plaster Models of Sculpture	27	27	-	Fair to Good
Architectural Models on Display	1	1	-	Good
Reliefs	1	1	-	Good
Murals	1	1	-	Good

House Office Buildings, cont.

Outdoor Sculpture	As of 10/01/05	As of 9/30/06	Change	General Condition
Monuments/statues	2	2	-	Fair

Senate Office Buildings

Architectural Fine Art	As of 10/01/05	As of 9/30/06	Change	General Condition
Pediments	1	1	-	Fair
Sculpture	1	1	-	Fair
Plaster Models of Sculpture	7	7	-	Fair
Architectural Models on Display	4	4	-	Good
Maquettes, etc.	1	1	-	Good
Plaques	approx. 4	approx. 4	-	Fair
Murals	1	1	-	Good

Library of Congress Buildings and Grounds

The Thomas Jefferson Building, which was built in1897, is one of the most ornate buildings on the Capitol campus. It is covered with decoration inside and out, including large areas of decorative painting, relief plaster, woodwork, stone work, and mosaic ceilings. The John Adams Building is embellished with fine Art Deco-style decorative metal and stone work. These, however, are not included in this assessment.

Architectural Fine Art	As of 10/01/05	As of 9/30/06	Change	General Condition
Statues	27	27		Good
Sculptured stair railings	2	2		Good
Reliefs	74	74		Fair to Good
Bronze doors (sets)	11	11		Fair to Good
Stained glass /mosaics [15]	18	18		Good
Rooms or spaces with Fine Art Murals [15]	32 [16]	32		Good [17]

[15] Includes large areas with multiple stained glass panels.
[16] Within these spaces are approximately 142 individual murals plus numerous related small panels.
[17] The murals in the Adams Building and the Blashfield murals under the dome of the Jefferson Building are the only ones that have not been conserved. We conserved the others as part of the restoration of the Jefferson Building. We inspect them as part of our on-going maintenance program and treat any small problems.

Outdoor Sculpture	As of 10/01/05	As of 9/30/06	Change	General Condition
Fountains with Sculpture	2	2	-	Fair to Good [18]

[18] We have conserved the large Neptune Fountain but it must be regularly maintained by washing and waxing.

Botanic Garden

Outdoor Sculpture	As of 10/01/05	As of 9/30/06	Change	General Condition
Fountains with Sculpture	1	1	-	Poor to Fair [19]

[19] Requests for funding restoration of the Bartholdi Fountain have been submitted.

Supreme Court

The Supreme Court Building is richly decorated with decorative carvings in marble and wood; decorative metal and plaster work; and decorative painting. The Curator of the Supreme Court cares for the collectible fine art.

Architectural Fine Art	As of 10/01/05	As of 9/30/06	Change	General Condition
Pediments	2	2	-	Poor to Fair
Sculpture	2	2	-	Fair
Reliefs	4	4	-	Fair

Architectural Artifacts

The Curator inventories and stores small architectural and engineering artifacts for possible use for research or exhibition purposes. Large artifacts, like pieces of stone removed from buildings, plaster models, etc., have been inventoried and are stored in two locations at Ft. Meade. Some of the stone has been saved as material for possible reuse in necessary repairs. Sculpture and stone that we removed from the East Front of the Capitol during its extension in 1958 are currently at a Smithsonian storage area.

Historic Records and Reference

The Records Management Branch acquires architectural and engineering drawings and textual records. This is through approved records schedules developed by the branch, archival appraisal, and records surveys. The Records Management Branch arranges drawings and textual records in accordance with archival principles to facilitate control, access, reference, research, and retrieval.

Architectural and engineering drawings and manuscripts require special archival storage and handling because of their diverse physical attributes. The Records Management Branch stores drawings flat in acid-free folders in horizontal drawing cases. Stable temperature and humidity conditions and high security are maintained for the records.

Microfilm of many drawings is stored off-site for back-up purposes. These are also backed up with digital scans of many drawings and stored on the AOC network for multitudes of information and many images.

Records	As of 10/01/05	As of 9/30/06	Change	General Condition
Architectural and Engineering Drawings	approx.150,000	approx.165,000	15,000	Fair to Good
Manuscripts and other textual records	approx. 4600 boxes	approx. 4800 boxes	200	Fair to Good
Small Architectural Models [20]				Poor to Fair
Photographs [21]	151,000	163,000	12,000	Good
Conservation Reports	178	189	11	Good

Reference and Library Materials	As of 10/01/05	As of 9/30/06	Change	General Condition
Art and Reference files	108 drawers	108 drawers	-	Fair

Records	As of 10/01/05	As of 9/30/06	Change	General Condition
Art and Reference Library (catalogued published volumes)	1351	1360	9	Fair to Good

[20] There are fewer than 20 working architectural models in varying conditions in storage that need to be appraised and inventoried only if deemed worthy of permanent retention.

[21] Unique images assigned an AOC negative number. The total number of records in the form of negatives, transparencies, prints, and digital files is several multiples of these numbers.

BOTANIC GARDEN

The U.S. Botanic Garden (USBG) maintains an orderly, documented, labeled collection of living plants. The USBG plant collection includes all the plants that are used to fulfill the mission of the institution. These plants are categorized as follows:

- Plants of historical significance or current institutional significance for the USBG (individuals or descendants from the Wilkes and Perry expedition, commemorative gifts from foreign governments, descendants of plants of American historical significance)
- Plants appearing on approved permanent landscape planting plans for the Conservatory, National Garden, Bartholdi Park, and the Production facility
- Plants listed for rotation into permanent exhibits in the Conservatory, National Garden, or Bartholdi Pard
- Plants used in ongoing education programs
- Plants needed to support future exhibits or programs and whose quality or relative unavailability in the commercial trade justifies inclusion in the permanent collection
- Orchid species and selected orchid cultivars
- Listed rare and endangered species received under the Convention on International Trade in Endangered Species (CITES) of Flora and Fauna repository agreement, through interagency transfer, or by other means
- Medicinal plants whose quality or relative unavailability in the commercial trade justifies inclusion in the permanent collection
- Plants used for accent and horticultural propagation stock, including those obtained for trail for performance under local conditions

Plants used for exhibition, study, and exchange with other institutions. The garden's noteworthy collections include economically significant plants, medicinal plants, orchids, cacti and succulents, bromeliads, and cycads.

In addition to providing a tranquil and beautiful environment for visitors, the Botanic Garden makes its gardens and living collections important resources for the study of threatened plants and their conservation. Our staff maintains extensive computerized records of the plants in the Garden's collections. The records track the location, condition, and provenance of each addition. Collections are continually reviewed for accuracy in identification as relevant to the Botanic Garden's mission.

The U.S. Botanic Garden received 830 new accessions of plants during the fiscal year. These accessions represent almost 900 individual specimens. Of the total accessions, 272 were donations from individuals and other institutions.

By the end of 2005, the Botanic Garden had more than 35,000 individual plants in cultivation at the conservatory and the Blue Plains Production Facility. There were 5,965 total orchids in the collections, by far the largest single collection of plants maintained. The USBG maintains approximately 6,500 unique taxa in its collections.

Summary of USBG Plant Records

Below is a table listing statistics on our entire collection with a separate table that inventories our orchid collection. We provide plant inventories so the reader can compare 2006 with the previous five years.

All Holdings

DATE	2001	2002	2003	2004	2005	2006
NAMES[1]	24,212	24,746	25,231	25,716	26,254	26,900
ACCESSIONS[2]	19,336	20,318	21,112	21,751	22,623	24,065
PLANTS[3]	28,405	30,335	31,461	32,274	33,338	35,179
DEACCESSIONS-YTD[4]	–	2,524	2,199	1,483	806	744
TAXA (ALIVE)[5]	–	6,603	6,471	6,514	6,833	7,360
PLANTS (ALIVE)[6]	–	16,708	15,707	5,119	15,516	16,674
NUMBER OF INDIVIDUALS[7]	–	30,563	36,439	36,226	36,083	52,391
PLANTS CHECKED IN[8]	–	9,899	6,720	4,816	5,487	4,346
YTD INV/(%)[9]		(51.5)	(37.5)	(29.0)	(33.6)	(25.0)

Orchid Collection

DATE	2001	2002	2003	2004	2005	2006
NAMES[1]	3,436	3,556	3,653	3,809	3,921	3,950
ACCESSIONS[2]	6,533	6,884	7,019	7,236	7,393	7,450
PLANTS[3]	8,403	9,102	9,302	9,589	9,847	9,977
DEACCESSIONS-YTD[4]	–	693	1,004	526	317	175
TAXA (ALIVE)[5]	1,543	2,053	1,777	1,800	1,831	1,796
PLANTS (ALIVE)[6]	4,252	5,925	5,142	4,990	5,045	5,020
PLANTS CHECKED IN[8]	–	4,637	3,207	2,718	3,084	1,776
YTD INV/(%)[9]		(77.4)	(52.2)	(49.3)	(57.5)	(34.2)

[1] Number of taxomomic entries in BG-base regardless of whether they are associated with current holdings (cumulative).
[2] Current number of accession, presumed to be genets (cumulative).
[3] Total number of individuals in Plants table-living and dead (cumulative).
[4] Deaccessions for the current year.
[5] Number of unique taxa currently alive in holding.
[6] Number of individuals in Plants table currently living.
[7] Number of individuals living, including multiple ramets associated with a single accession number. (This number has a high degree of inaccuracy.)
[8] Number of plants checked during the current year.
[9] Percentage is number of plants checked in the current year (including deaccessions) divided by plants (alive) plus deaccessions YTD.
Note that this figure cannot include plants in collections that have never been inventoried.

LIST OF ABBREVIATIONS AND ACRONYMS

ADA	Americans with Disabilities Act
AIA	The American Institute of Architects
AICPA	American Institute of Certified Public Accountants
AOC	Architect of the Capitol
CAA	Congressional Accountability Act
CAD	Computer-Aided Design
CAO	The Office of the Chief Administrative Officer
CAS	Computer Applications Specialists
CATV	Community Access Television
CCMP	Capitol Complex Master Plan
CERCLA	Comprehensive and Environmental Response Compensation and Liability Act
CFO	The Office of the Chief Financial Officer
CIP	Capital improvement Plan
CISO	Chief Information Security Officer
COOP	Continuity of Operations
CPP	Capitol Power Plant
CSRDF	Civil Service Retirement and Disability Fund
CSRS	Civil Service Retirement System
CVC	Capitol Visitor Center
CWIP	Construction Work in Process
DOL	Department of Labor
DWO	Demand Work Order
EA	Enterprise Architecture
EAMMF	Enterprise Architecture Management Maturity Framework
EEO/CP	Equal Employment Opportunity and Conciliation Programs
FAIA	Fellow of the American Institute of Architects
FASAB	Federal Accounting Standards Advisory Board
FBWT	Fund Balance with Treasury
FCA	Facility Condition Assessment
FECA	Federal Employees' Compensation Act
FEGLI	Federal Employees Group Life Insurance
FEHB	Federal Employees Health Benefits
FERS	Federal Employee Retirement System
FGGM	Fort George G. Meade Army Base
FHOB	Ford House Office Building
FISCAM	Federal Information System Controls Audit Manual
FMS	Financial Management System
FTE	Full-Time Equivalent
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GPO	Government Printing Office
GSA	General Services Administration
GSS	General Support Systems
HAB	Historic American Building
HOB	House Office Buildings
HR	Human Resources
HVAC	Heating, Ventilation, and Air-conditioning
I&I	Injury and Illness
ISSP	Information Systems Security Program
IT	Information Technology
ITD	Information Technology Division
LICP	Line-Item Construction Progect
LOC	Library of Congress
MD&A	Management's Discussion and Analysis
MY	Multi-Year
NAVCC	National Audiovisual Conservation Center
NFC	National Finance Center
NGTF	National Garden Trust Fund
NIST	National Institute of Standards and Technology
OGC	Office of the General Counsel
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PAR	Performance and Accountability Report
PDA	Personal Digital Assistant
SAS	Statement on Auditing Standards
SAT	Senior Assessment Team
SFFAS	Statement of Federal Financial Accounting Standard
SOB	Senate Office Buildings
SONC	Statement of Net Cost
SSAA	Senate Sergeant at Arms
TMFJB	Thurgood Marshall Federal Judiciary Building
USBG	United States Botanic Garden
USSGL	US Standard General Ledger
WRPE	West Refrigeration Plant Expansion
YTD	Year-to-Date

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AOC on the Internet

An electronic version of this report is available online at:
http://www.aoc.gov/aoc/cfo/index.cfm

To learn more about The Architect of the Capitol and its mission, we encourage you to visit our website at: http://www.aoc.gov/

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