



# ARCHITECT OF THE CAPITOL

ACCOUNTABILITY REPORT 2004





**CONTENTS**

2 A Message from the Architect

5 2004 Overview

30 A Message from the Chief Financial Officer

31 2003/2004 Balance Sheet

32 Notes to the Balance Sheets

40 Stewardship Report

48 A Message from the Audit Committee

49 Independent Auditor's Report

50 Glossary of Abbreviations and Acronyms

51 Map

52 Additional Resources



UNCOMPROMISING  
DEDICATION

*to* THE DELIVERY  
*of* QUALITY SERVICES  
*to* THE CONGRESS,  
THE AMERICAN PEOPLE,  
*and to* OURSELVES

## *A MESSAGE from* THE ARCHITECT of THE CAPITOL



**ALAN M. HANTMAN, FAIA**  
*Architect of the Capitol*

I am pleased to present the Architect of the Capitol's Accountability Report for 2004. As you will note throughout the report, 2004 was another transformational year as we continued to work diligently to improve our operations, strategic and performance planning, and financial reporting.

During 2004, our property and equipment balance increased by nearly \$225 million—an astonishing 23.9% in just one year. Among our largest projects for the year, we continued construction of the Capitol Visitor Center; started expansion of the West Refrigeration Plant; completed additional security improvements to the Capitol complex; undertook modernization of the Supreme Court Building; replaced the garage floor in the Cannon House Office Building; completed the renovation of the cafeteria in the Rayburn House Office Building; concluded the renovation of the north restroom stack in the Dirksen Senate Office Building; and completed the modernization of elevators, lobbies, and corridors in a number of our buildings.

In addition to that unprecedented workload, we performed numerous functions behind the scenes that keep our operations running seamlessly. We do work that is vital, and we do it so well that it often goes unnoticed.

Our responsibilities and accomplishments during the year were broad—from making all the necessary accommodations for the funeral ceremonies for President Ronald Reagan to orchestrating the installation of the U.S. Capitol Holiday Tree, from completing 148,335 work orders campus-wide to keeping our facilities ready to welcome millions of visitors from around the globe.

While we were doing all of this, we continued to create the solid organizational foundation that serves us now and on which we can build our future. Our planning means that we not only meet our immediate responsibilities, but that we will be better able to meet our future responsibilities.

The health and safety of our employees is a top priority. We reduced injuries and occupational illnesses by 26% in 2004, and since 2000 we have reduced the rate 67%. We have progressed from 17.9 injuries and occupational illnesses for every 100 employees in 2000 to 5.88 in 2004, which approaches the average for other federal agencies. We will continue our efforts to reduce the number even further.

Our employees embraced the tough, everyday actions necessary to achieve continuous improvement throughout the organization. For the first time in the history of the AOC, we have looked at the organization as a whole, creating and implementing new tools—our Strategic and Performance Plans—that integrate and align our responsibilities.

“Our employees embraced the tough, everyday actions necessary to achieve continuous improvement throughout the organization. For the first time in the history of the AOC, we have looked at the organization as a whole, creating and implementing new tools—our Strategic and Performance Plans—that integrate and align our responsibilities.”

We are equally focused on developing better ways to use our existing resources more efficiently. One example is the facility condition assessments we are currently conducting on our buildings. These assessments will provide us with the information we need to develop our Capital Improvements Plan and our Master Plan, and in turn, help us formulate and document our budget requests.

For the second consecutive year, our financial audit has resulted in a clean opinion on our balance sheet. The auditors have identified four material weaknesses. We have summarized how we are addressing these issues in our Summary of Audit Results section.

Beginning in 2005, the audit will be expanded to include all of our financial statements. This is a tremendous milestone for an organization that did not produce an auditable financial statement prior to 2003. I attest that the financial data presented in this report are complete and reliable.

We are accountable and responsible, not only to Congress and to ourselves, but to the American people and to the historic legacy we preserve. I want to thank the members of Congress for their continued support, our employees for their commitment and dedication to our mission, and our clients for our valued relationships.

Sincerely,



Alan M. Hantman, FAIA  
Architect of the Capitol  
October 31, 2005

PERSONAL  
INTEGRITY



RAYNELL BENNETT  
*Management and  
Program Analyst*

ANGELA CHASE  
*Secretary*

MARK HOLLAND  
*Insulator*

ANDY RIVERA  
*Laborer*

DWAYNE THOMAS  
*Assistant Supervisor  
Electrical Division*

# 2004 OVERVIEW

## Introduction

The Overview is an abstract of the Office of the Architect of the Capitol: who we are, what we do, and how we accomplished our mission during 2004.

## Mission Statement and Vision

Our mission is to provide Congress and the public a wide range of professional expertise and services to preserve and enhance the Capitol complex and related facilities.

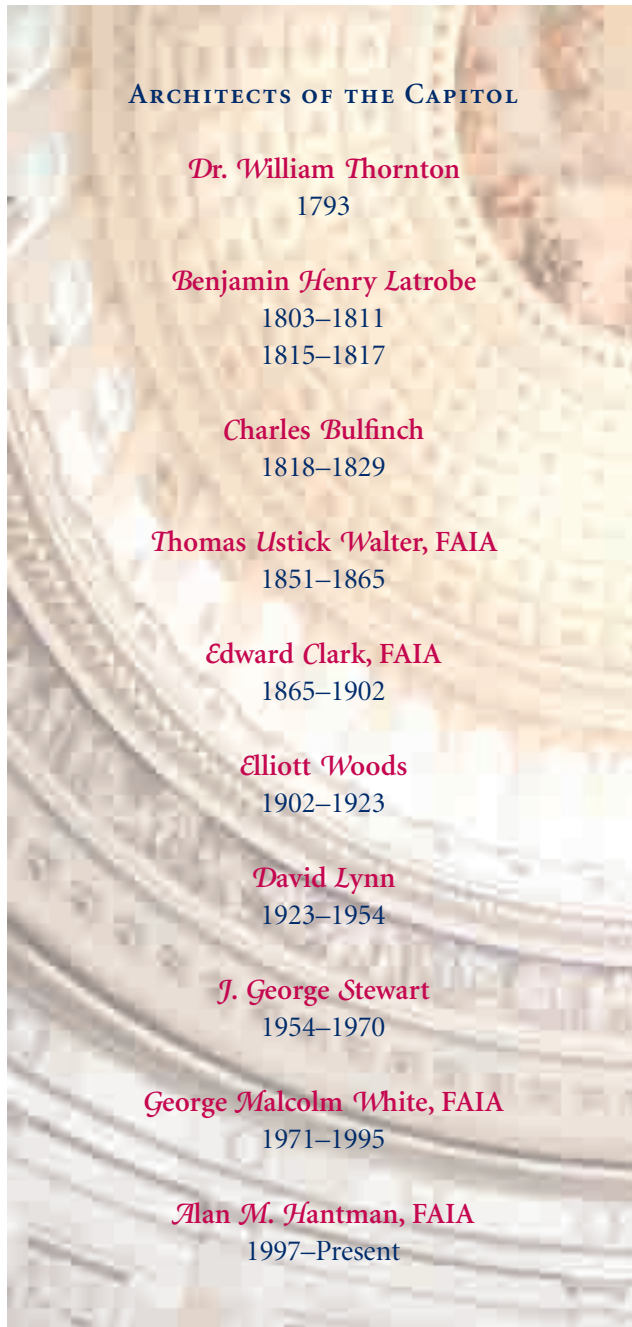
Our vision is to be an innovative and efficient team dedicated to service excellence and to preserving, maintaining, and enhancing the national treasures entrusted to our care.

## Our Responsibilities

The Office of the Architect of the Capitol (AOC) has the daily responsibility of preserving, maintaining, and improving the national treasures that make up the United States Capitol complex—the Capitol building, the House and Senate office buildings, the Botanic Garden, the Capitol grounds, the Library of Congress buildings, the Supreme Court building, the Capitol Power Plant, and various support facilities. Throughout the years, legislation has placed additional buildings and grounds under our jurisdiction. Today, we are responsible for the maintenance, new construction, and renovation of more than three dozen buildings representing nearly 15 million square feet of space, and we maintain 370 acres of land.

In addition to functioning as a working office building, the U.S. Capitol is a favorite destination for millions of Americans and foreign visitors each year. Accordingly, we are challenged to accommodate the needs of the United States Congress while serving the public. Overall, we act as an agent of Congress and are responsible for the following jurisdictions and activities:

- **General Administration.** Central Office functions, and the management and operations of the activities, programs, and projects that affect all jurisdictions: Architecture and Engineering Services; Safety and Facilities Management; Financial Management; General Counsel; Security; Communications; Information Systems; Human Resources; and Procurement.
- **Capitol Building.** Maintenance, preservation, and structural and mechanical care of the Capitol building, and making arrangements with the proper authorities for ceremonies held in the building and on the grounds, as well as the care and repair of works of art that are integral to the Capitol.
- **Capitol Grounds.** Care, maintenance, and improvement of the Capitol grounds, including approximately 222 acres of landscaping, parks, streets, and parking facilities.
- **Senate and House Office Buildings.** Maintenance, preservation, structural, and mechanical care of the Senate and House office buildings, including the maintenance and operation of the mechanical, electrical, and electronic equipment and the Senate and House subways, as well as the maintenance of the Senate and House garages and the Senate restaurants.
- **Capitol Power Plant.** Maintenance, preservation, and structural and mechanical care and operation of the Capitol Power Plant, which supplies steam and chilled water necessary for temperature control of buildings throughout the Capitol complex.
- **Library Buildings and Grounds.** Structural and mechanical care of the buildings and grounds maintenance of approximately 24 acres. Additionally, we are responsible for 100 acres and numerous facilities at Fort Meade, Maryland, for long-term storage needs of the Congress.
- **Capitol Police Buildings and Grounds.** Maintenance, care, and operation of Capitol Police buildings and grounds.
- **Botanic Garden.** Maintenance, care, and operations of the Botanic Garden Conservatory, growing facilities located at DC Village, buildings, and grounds.



## Our History

Our work began in the 1790s with the initial construction of the Capitol. It has continued through more than two centuries of construction, improvements, and maintenance of the Capitol complex and other related buildings and grounds.

The “Residence Act” of 1790 provided that the federal government should be established in a permanent location by the year 1800. Congress authorized the Board of Commissioners of the new federal city to provide “suitable buildings and accommodations for the Congress of the United States.”

Designed from the outset to house the United States Congress, the Capitol was a bold experiment in a new nation. We trace our origin back to 1793, when the Commissioners formally adopted Dr. William Thornton’s design for the Capitol. Although the first block of sandstone was set into place on the outside walls of the north wing in July 1795, it wasn’t until late 1800 that Congress, the Supreme Court, and the Library of Congress moved into the north wing. The building has been enlarged and modified over the years, and it contains some of the most important spaces in American history and architecture.

The last part of the original building was not finished until 1826 because of construction delays, the difficulty of obtaining materials and workers, and sporadic and small appropriations, not to mention that British troops burned the building on August 24, 1814. The resulting repair work further delayed construction.

In the following years, the country grew as state after state was admitted into the Union, sending more and more representatives and senators to the already crowded House and Senate chambers. The nation was outgrowing its Capitol, and more space was desperately needed. In



**1793** Capitol Cornerstone Ceremony



**1800** North Wing



**1814** U.S. Capitol after the Fire



**1824** U.S. Capitol’s First Dome



The Office of the Architect of the Capitol preserves, maintains, and improves the national treasures that make up the United States Capitol complex—the Capitol building, the House and Senate office buildings, the Botanic Garden, the Capitol grounds, the Library of Congress buildings, the Supreme Court building, the Capitol Power Plant, and various support facilities.

1851, we began work on a 16-year construction project that added extensions to both the North and South ends.

In 1897, the Library of Congress became the first legislative branch function to move out of the Capitol and into its own building. The turn of the twentieth century saw the development of the Capitol complex into its present form. As a result, the responsibilities of the AOC continued to grow with the construction of libraries; the purchase of additional land; the construction and renovation of office buildings; and the expansion of the Botanic Garden. Today, we care for 370 acres of land on Capitol Hill and in outlying areas.

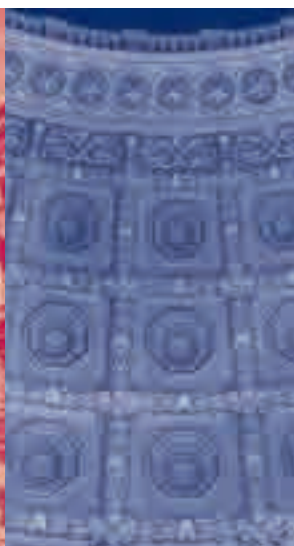
Over the years, our role has evolved to include maintaining and improving the physical infrastructure of the Capitol complex, providing day-to-day Congressional support, and overall facilities management.

A brief historical recap of the property under our jurisdiction as of September 30, 2004, follows:

1. Construction of the U.S. Capitol began in 1793. President George Washington laid the cornerstone for the Capitol on September 18, 1793, during the first large public event held in the new federal city. For more than 200 years, the Capitol has been a work in progress. There have been nine major phases or additions to the Capitol complex:
  - a. Construction of the North wing (1793–1800)
  - b. Construction of the South wing (1793–1807)
  - c. Construction of the center section, Rotunda, and the first dome (1818–1826). This phase included the restoration after the burning of the Capitol during the War of 1812.
  - d. Present House and Senate wings and connecting corridors (1851–1867)
  - e. Installation of cast-iron Dome (1855–1866)
  - f. Terrace construction (1884–1892)
  - g. East Front Extension (1958–1962)
  - h. West Front Courtyard Infill Rooms (1991–1993)
  - i. Capitol Visitor Center (2000–ongoing)



**1851** House and Senate Wings and Connecting Corridors



**1866** Cast-Iron Dome of the Capitol



**1890** Olmsted Terrace



**1897** Jefferson Building



1905 Cannon Building

1907 Cannon Building Rotunda

c.1909 Russell Building

c.1909 Russell Building Rotunda

2. The construction of the Senate office buildings began with the Russell (original structure completed in 1909; 1st Street corridor added in 1933), then the Dirksen (1954–1958), and the Hart (1975–1982). The Senate buildings also include a page dorm (purchased in 1993), two childcare centers (constructed in 1986 and 1999), the Senate Underground Garage (constructed in 1935), the Monocle building (purchased in 1975) and the Eney, Chestnut, Gibson Police Headquarters building (transferred from GSA in 1974).
3. The construction of the House office buildings began with the Cannon (1904–1908), then the Longworth (1930–1933), and the Rayburn (1962–1965). The House office buildings also include the Ford Building (transferred from the FBI in 1974), the East and West Underground Garages (constructed in 1965) and a page dorm (transferred from GSA in 1986).
4. The construction of the Library of Congress (LOC) buildings began with the Jefferson (1886–1897), then the Adams (1930–1938), and the Madison (1965–1980). The Library buildings include the Special Facilities Center purchased in 1991. We are managing the design and construction of several new buildings on the 100-acre parcel of land at Ft. Meade in Anne Arundel County, Maryland, transferred to us by the U.S. Army in 1993. In addition, we are overseeing the design and construction of the National Audio Visual Conservation Center located on 45 acres of land in Culpeper, Virginia.
5. The construction of the Supreme Court building started in 1932 and was finished by 1935. A two-phase modernization project began in 2003 and is expected to take five years to complete. This represents the first upgrade to the building since its opening in 1935.
6. Construction of the Thurgood Marshall Federal Judiciary Building (1990–1992) was “a result of a study of the needs of the federal judiciary for additional federal office space.”
7. The Architect has served as acting director of the U.S. Botanic Garden since 1934. The Garden moved to its present location in 1933 and includes the Conservatory and two acres of surrounding exterior grounds; the outdoor display gardens in Frédéric Auguste Bartholdi Park; and an administration building. A plant production and support facility (obtained via like-kind exchange with the District of Columbia) opened in Anacostia in 1993 includes 36 greenhouse bays, storage, and maintenance shops.
8. We are responsible for the Capitol Power Plant facility, which consists of the Main Plant (1909), an Operations building (1978), the West Refrigeration Plant (1978),



1936 Adams Building

1957 Dirksen Building

1960 Capitol, East Front Extension

1964 Rayburn Building



1909 Capitol Power Plant

1930 Longworth Building

1933 Supreme Court Building

1934 Botanic Garden

and the Coal Yard (transferred from GSA in 1987). The Capitol Power Plant ceased electrical power production in 1951. It operates to provide steam to heat and chilled water to cool 18 facilities in the Capitol complex, including the Supreme Court, the Thurgood Marshall Federal Judiciary Building, Union Station, and the Folger Library. It also provides steam only to the Government Printing Office and the Postal Square building. In 2003, a 16,500-square-foot expansion of the West Refrigeration Plant began that will enable the Power Plant to reliably meet cooling requirements of the Capitol complex through 2025 and will significantly increase overall plant efficiency.

9. The construction of the Capitol Visitor Center (CVC) began with a ceremonial groundbreaking in June 2000. At nearly 580,000 square feet, the CVC is the largest increment of growth to the Capitol in its 212-year history. It will lie completely below ground on the east side of the Capitol. When completed, the CVC will welcome millions of visitors in a secure, accessible, educational, and convenient environment, yet will respect the past by highlighting the Capitol and revitalizing its historic setting. The CVC also responds to the physical limitations of the Capitol by providing modern, efficient facilities for such functions as truck loading and deliveries, improvements to vertical circulation, and improved connections to the Capitol building and the Library.

The Capitol complex consists of the above jurisdictional buildings and grounds that are the American people's national treasures. We care for these unique buildings and grounds, which millions of people visit each year, keeping in mind their historic and national significance and their cultural, educational, artistic, and architectural importance. Careful consideration is given before undertaking any work or implementing any structural or other physical changes. Our challenge, therefore, is to meet the ever-changing functional needs and mandates of our stakeholders while preserving our nation's historic heritage that is embodied in the art and architecture of the Capitol complex that has endured and served this nation since 1793.

**Our staff of 1,961 full-time equivalents (FTEs) includes electricians, plumbers, upholsterers, carpenters, painters, masons, and other skilled craftspeople who repair, maintain, and preserve the historic buildings and furnishings under our care.**



1973 Madison Building

1978 Hart Building

1991 Thurgood Marshall  
Federal Judiciary BuildingPresent Rendering of East Front  
Plaza with Completed  
Capitol Visitor Center

## A Celebration of Our People

Our employees, from our architects, engineers, and superintendents through our administrative and facilities maintenance personnel, balance the multiple interests and needs of Congress, the public, the Supreme Court, and other clients. They are the heart and soul of the AOC.

The historic nature and high-profile use of the buildings under our care creates the complex environment in which we work. All of our employees work to meet the needs of multiple stakeholders, including members of Congress, committees, Congressional leadership and staff, the visiting public, and other clients. Over the past several years, we have structured the organization to ensure we provide services in the most efficient and supportive way possible. Ours is a flexible and professional organization that can successfully react to unanticipated changes and ever-changing priorities.

Our staff of 1,961 full-time equivalents (FTEs) work in the nine “jurisdictions” that are responsible for the day-to-day operations throughout the Capitol complex. These operations include the mechanical, electrical, structural, and maintenance needs of the buildings and grounds, as well as any necessary improvements. We also support inaugural ceremonies, state funerals, and other events and ceremonies held in the buildings or on the grounds. We have a host of electricians, plumbers, upholsterers, carpenters, painters, masons, and other skilled craftspeople who repair, maintain, and preserve the historic buildings and furnishings under our care. Our architecture, engineering, and construction groups work to design and complete projects on time and within budget, and assure that they are of the highest quality, while our facilities maintenance staff provides the building maintenance services required throughout the Capitol complex.

### THE ARCHITECT OF THE CAPITOL

The Architect of the Capitol is appointed for a term of 10 years. A congressional commission recommends three candidates to the president, and with the advice and consent of the Senate, the president selects an appointee. Upon confirmation by the Senate, the Architect becomes an official of the Legislative Branch as an officer and agent of Congress and is eligible for reappointment after completion of the term.

Architect of the Capitol **Alan M. Hantman, FAIA** (Fellow of the American Institute of Architects), was the first Architect of the Capitol to be appointed under this process in 1997. He holds a bachelor’s degree in architecture from the City College of New York and a master’s degree in urban planning from the City University of New York Graduate Center. Prior to his appointment, he was Vice President of Facilities Planning and Architecture for the Rockefeller Center Management Corporation of New York City for 10 years, after which he served as a consultant to several corporations. He has also been a development consultant, assistant chief architect, and project manager at major architectural and real estate services firms.

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.

### OTHER OFFICERS

The Chief Operating Officer (COO) is a position established by the 2003 Legislative Branch Appropriations Act. The COO assists the Architect with achieving the organization’s goals and manages our day-to-day operations.

The Chief of Staff assists the Architect as an external liaison to our stakeholders and assists in achieving the organization’s goals for project management, architecture, engineering, construction management, and security services.

The Deputy Chief of Staff serves as administrative management advisor to the Architect, COO, and Chief of Staff, and provides management oversight and direction for administrative programs and services.

The Chief Financial Officer is the senior financial management advisor to the Architect, COO, and Chief of Staff, providing management oversight and direction for our financial management programs and services, including budget and accounting.

INDIVIDUAL

# ACCOUNTABILITY



**MICHAEL OWEN**  
*Program Management  
Analyst*

**BOB PERNA**  
*Wood Craftsman*

**TINA MCBRIDE**  
*Gardener*

**KIM COATS**  
*Building Inspector*

**AUSTIN GROSVENOR**  
*Decorative Plasterer*

UNSURPASSED  
QUALITY



RANDY BOATMAN  
*Mason*

GARLAND WRIGHT  
*Elevator Mechanic*

JOANN PAYDEN  
*Custodian*

REGGIE LASHLEY  
*Carpenter*

KENNY RAYMOND  
*Labor Supervisor*

## What We Do

Our construction, improvement, and replacement projects go through an ongoing life-cycle process and may last from a few months to several years. We also perform tens of thousands of operations and maintenance tasks throughout the Capitol complex each year.

What we do can be summarized under two major functions: capital improvements, and operations and maintenance.

### CAPITAL IMPROVEMENTS

In addition to major projects such as the construction of the Capitol Visitor Center, modernization of the Supreme Court building, upgrading of the West Refrigeration Plant, and installation of perimeter security elements, we worked on a great variety of projects throughout the Capitol complex in 2004. These projects are further described in the section titled Our 2004 Accomplishments beginning on page 16.

#### *Background*

We support the operations of Congress by managing projects to maintain and enhance the Capitol complex's infrastructure. Our capital projects, which involve one-time construction projects or system replacements, differ in the size, complexity, and time required for completion. Projects can span a few months to several years. In a broad sense, each project typically follows a similar cycle. It begins when we identify a need, then define the scope of the work to determine if a capital project is necessary. Once the project is approved, we design it and request funding so construction can begin.

Prior to 2004, the Superintendents' Offices identified many of the projects to undertake based on facility needs and potential equipment failures. However, due to growing demands on our limited resources, we developed a plan to help us categorize and track facility needs to better coordinate our resources. An increase in competition between projects for limited funding throughout the AOC further necessitated the changes we made.

**The Program Planning Process.** To address the situation, we established and staffed a Planning & Programming Division. The division is responsible for Facility Condition

Assessments (FCAs), the Capital Improvements Plan (CIP), and the Capitol Complex Master Plan (CCMP), each discussed in more detail below.

The new Program Planning Process led to the development of our first CIP, which began with the development of a Master List of Facility Projects. The projects are typically identified through three principal processes: (a) the Capitol Complex Master Plan; (b) Facility Condition Assessments; and (c) special plans and studies of a more detailed nature. Occasionally, projects are identified by other means.

**Facility Condition Assessment (FCA).** Objectives of the FCA program include conducting Facility Surveys, a process that includes collecting and storing relevant information about facility assets such as identifying maintenance backlogs or deficient conditions, and providing for a capital facilities planning and budgeting tool. The capital facilities planning and budgeting tool is an important piece of this process, as it will

- provide a measurement of the current state of the facilities;
- enable the generation of a proactive plan for facility maintenance and building renewal; and
- assist in the development of a complete list of prioritized projects, along with the associated costs and time lines.

Essentially, an FCA assists us in identifying deferred maintenance needs—maintenance that was put off or delayed. Because maintenance and repair funds are limited, we can use this information to identify the necessary projects and prioritize them so we use our resources as efficiently and economically as possible.

We will use FCAs as the baseline to develop a five-year Capital Improvements Plan, which in turn will support the Master Plan. These assessments will provide us with the solid backup data and information we need to formulate our budgets and make them more meaningful. FCAs will also contribute to a systematic and logical approach that will allow us to be good stewards of our facilities. Additionally, FCAs are a useful tool for forecasting investment requirements.

We will evaluate each proposed project based on a scorecard of defined criteria in order to determine which fully designed projects we will present to Congress for funding. Once funding is approved, we can begin construction.

During the year, we completed FCAs for the Capitol, House, and Senate buildings. FCAs for the remaining jurisdictions are underway or nearing completion, except for the Library, for which funding to accomplish the FCAs has been requested in 2006.

**Capital Improvements Plan.** We define a capital project as a nonrecurring construction project or system replacement that exceeds \$250,000 and requires design documentation and specifications for its execution. A CIP normally covers a five-year period and is developed each year. In order to develop a CIP, we evaluate capital projects against established priorities.

Ideally, we will know and evaluate all needed projects. For our first formal CIP, which we produced in February 2004, this occurred for only a limited number of projects. Our second CIP, currently under development, will have a significantly expanded database of projects from which we can build a full five years of programs. Until we complete FCAs for all jurisdictions—projected for late 2006 and assuming approved funding for the Library’s FCAs—any listing of potential projects for future years will be incomplete and subject to change.

In addition, we must integrate the findings and recommendations of the CCMP into the process by which projects are evaluated against defined criteria. We must also consider the sequencing of projects and any prerequisites as well as the internal capabilities of the AOC to accomplish or support the level of programs identified.

**Viewing the organization as a whole has allowed us to lay the foundation to use our resources more efficiently and meet our future responsibilities more effectively.**

As we continue to use the CIP process, we will identify which projects to assign to the proper year for development and execution. This process will allow us to meet our stewardship responsibilities and clients’ needs as they arise.

**Capitol Complex Master Plan.** The final element in our project planning and execution program is the creation of an overall Capitol Complex Master Plan (CCMP). With this Plan, we will provide a framework in which we can conduct intermediate project planning over the next 20 years to help us plan for future growth. The Master Plan will also assist us and Congress in making decisions in the short term that will not adversely affect the long-term viability of the Congressional campus. The creation of this Master Plan is a significant step in our long-term planning process, given that the last Master Plan was published in 1981.

The CCMP is the most comprehensive, long-range plan undertaken by the Planning & Programming Division. It will address the facility needs and future operating environments of the House, the Senate, the Capitol Building, the Supreme Court, the Library of Congress, the U.S. Botanic Garden, General Services and Security Programs, the Capitol Power Plant, and the Capitol Grounds. The CCMP has three components: (1) the Vision Statement; (2) the Framework/Concept Plan; and (3) the Jurisdiction Plans. The Vision Statement and the Concept Plan address the entire complex and set a philosophical and structural basis for organizing the various Jurisdiction Plans into an integrated master plan. A global provider of design and project delivery services was selected as the prime consultant for the preparation of the CCMP. They began their work in August 2004 and will complete a final draft of the plan by December 2006. The plan will be submitted to Congress for review and approval beginning in 2007.



## 1998

- Expanded Safety Training Requirements



## 1999

- Comprehensive Campus-wide Fire Protection Improvements
- AOC Re-engineering Plan
- AOC Joined Legislative Branch Facility Management Council



## 2000

- Developed Y2K—First Disaster Recovery Plan
- Established and Published the First Best Practices Manuals for Project Delivery
- Instituted Architect’s Mobility Program
- Issued Comprehensive Human Resources Manual



The final draft of the plan will be the result of extensive consultations, outreach, and communication efforts on Capitol Hill with each of the jurisdictions, with public planning agencies, and with the surrounding community. To date, a draft Vision Statement has been completed, the draft Framework/Concept Plan is nearing completion, and the Jurisdiction Plans have begun.

**OPERATIONS AND MAINTENANCE**

While we have completed many construction projects over the years, the largest part of our work is maintaining the buildings and grounds under our care, and ensuring that all of the building systems function properly. The most routine of tasks generally go undetected because they happen behind the scenes, and we do them so well that our efforts often seem to go unnoticed. These activities range from custodial services to changing light bulbs, from maintaining the lawns and gardens to maintaining and enhancing Web sites, from hosting special exhibits to providing hundreds of tours. All of this takes place while we renovate our facilities and host millions of visitors.

We are responsible for completing thousands of client-requested work orders, which involve maintenance work accomplished through the resources of the Superintendents of our many distinct jurisdictions. The Superintendents are responsible for the maintenance and preservation of their respective buildings and grounds, providing high-quality facilities management and related support services.

We also coordinate a variety of annual events such as the Military Band concerts, the Memorial Day and Independence Day concerts, the U.S. Capitol Holiday Tree lighting, and the Artistic Discovery exhibition, in addition to a wide assortment of other exhibits, displays, and events.

One of the more notable events during 2004 was the preparation for the Lying-in-State of President



Capitol Holiday Tree

Lying-in-State of President Ronald Reagan

Ronald Reagan. We received numerous accolades from the Congressional leadership, the House and Senate Sergeant at Arm’s Offices, and others regarding the success of the event and the very significant contributions of our employees. The House Appropriations Committee singled out the AOC for its efforts in House Report 108-577, which accompanied the 2005 Legislative Branch Appropriations Bill. They recognized us for “tirelessly... carrying out this event with utmost refinement, professionalism, and skill.” They went on to say, “The Architect and staff are commended for their recent response and participation in the preparation of the Capitol building and grounds for the state funeral of President Ronald W. Reagan. While the background work can sometimes go unnoticed because it is performed with high precision and expertise, the absence of such work efforts undoubtedly would have been highly visible. The Committee applauds the commitment, devotion, and outstanding work products of the Architect’s staff and workforce in their efforts on this historic occasion.”

A popular service we provide to the American public is the opportunity to purchase—through Members’ offices—flags flown over the U.S. Capitol. We fulfill, on average, more than 100,000 flag requests annually. The number of requests and popularity of this program have grown steadily since its inception in 1937.

<p>□</p> <p><b>2001</b></p> <ul style="list-style-type: none"> <li>• Established Awards Program for Outstanding Employee Performance</li> <li>• Held the First Annual AOC Employee Picnic</li> </ul>	<p>□</p> <p><b>2002</b></p> <ul style="list-style-type: none"> <li>• Improved Internet and Intranet Communications</li> <li>• Began to Develop a Five-Year Strategic Plan</li> <li>• Established Planning and Programming Division</li> <li>• Implemented Financial Management System</li> </ul>	<p>□</p> <p><b>2003</b></p> <ul style="list-style-type: none"> <li>• Published Strategic Plan and Performance Plan</li> <li>• Formed Audit Committee</li> <li>• Established Project Management Division</li> </ul>	<p>□</p> <p><b>2004</b></p> <ul style="list-style-type: none"> <li>• Received First Clean Audit Opinion on Balance Sheet</li> <li>• Completed Fixed-Asset Database of all Land and Buildings under AOC Jurisdiction</li> <li>• Held the First Annual Safety Fair</li> </ul>
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## Our 2004 Accomplishments

Highlights of our 2004 work include beginning the expansion of the West Refrigeration Plant at the Capitol Power Plant, continued construction of the Capitol Visitor Center, continued implementation of infrastructure improvements, and completion of more than 148,000 work orders throughout the Capitol complex. We also continued the improvement of our safety record and implementation of a strategic planning framework.

In 2004, we found unprecedented opportunities to showcase the skills of our most valuable asset—our employees. In addition to handling 148,335 work orders for preventative maintenance and requested work, we also completed and capitalized 52 projects of varying size. We continued the progress we are making in delivering high-quality projects on time and within budget. The projects completed and in use substantially improve the overall security, safety, and operational capabilities of the buildings under our care. These

projects help fulfill our mission to “preserve and enhance the Capitol complex and related facilities.”

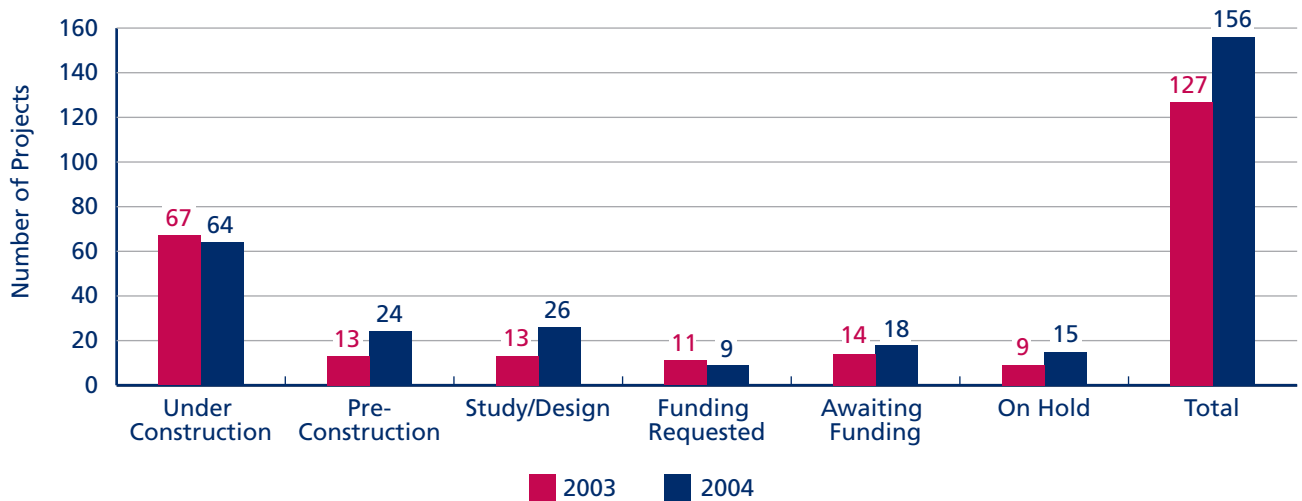
### CAPITAL IMPROVEMENTS

As of September 30, 2004, we had 156 projects in various stages of the project life cycle.

The largest of these projects is the Capitol Visitor Center (CVC). Other major projects in progress include the West Refrigeration Plant expansion at the Capitol Power Plant and modernization of the Supreme Court building. A brief discussion of a limited variety of projects follows.

We have improved security with the continued implementation of the Hill-wide Perimeter Security Program. The Perimeter Security Program is a series of operable vehicle barriers in roadways, and metal bollards, stone walls, and natural features that provide a perimeter boundary around the Capitol, the House office buildings, the Senate office buildings, the Library of Congress buildings, the Capitol Power Plant, and the

### Projects in Progress



Projects in the Pre-Construction, Study/Design, and On Hold phases experienced the most growth during 2004.

#### Description of Projects in Progress

- **Under Construction:** We have started construction.
- **Pre-Construction:** We have received full funding, but we have not begun actual construction. We are proceeding with preliminary work.
- **Study/Design Phase:** We have received funding to either study or design the project, and we are actively working on it.
- **Funding Requested:** We have requested construction funding in either 2005 or 2006.
- **Awaiting Funding:** We have not yet made a request for funding.
- **On Hold:** We may have received full or partial funding, but we are not currently working on the project.

UNWAVERING  
COMMITMENT



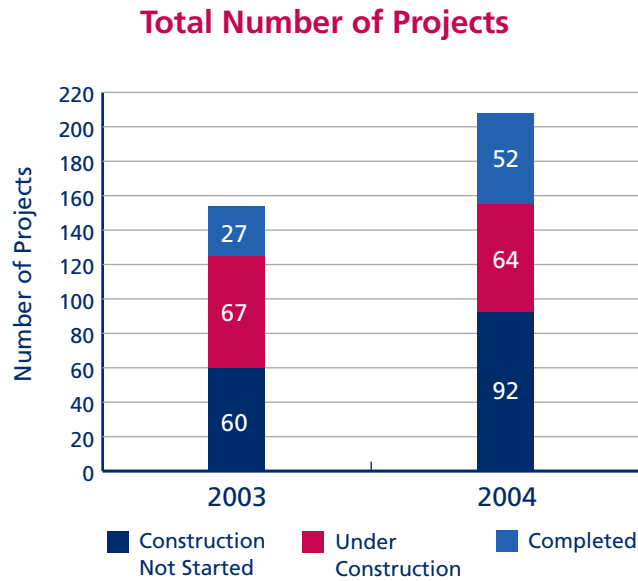
ED SIZEMORE  
*Leader, Paint and  
Refinishing Division*

PHILLIP YATES  
*Electromotive  
Equipment Mechanic*

LEO PARAVATI, JR.  
*Tools and Parts  
Attendant*

DENNIS REMSBURG  
*Refinisher*

MARIA HANNA  
*Electromotive  
Equipment Mechanic*



**We nearly doubled the number of capital projects completed in 2004 compared to the prior year and increased our overall project load by 35%.**

Supreme Court building. A variety of design elements reflect the traditionally open nature of the campus, as well as historical and architectural elements already in place. Decorative planters serve as barricades and traffic control measures, and we have architecturally enhanced the United States Capitol Police kiosks to reflect the monumental and historic buildings they serve to protect.

We have greatly improved safety for the building occupants and visitors, as well as our staff who work to maintain the facilities. Since the passage of the Congressional Accountability Act, we have been working to bring all the buildings on the campus up to current building code and life-safety standards. Significant progress was made during 2004 toward our goal of improving building occupant safety by upgrading fire safety systems. We improved building fire alarm systems by installing additional smoke detectors and fire alarms and also improved occupant safety by installing numerous sprinkler systems throughout the campus. We improved emergency exits by installing emergency exit signs and lighting to assist occupants during an emergency.

We installed code-compliant exit stairs to serve the fourth floor of the U.S. Capitol building. While the challenges of physically altering the Capitol building

are significant, doing so without disturbing the work of building occupants is even more challenging. Bringing this important project in on time and within budget was a huge success story.

Where necessary, we improved emergency power generation and distribution systems. Although this campus-wide program is not complete, we made significant progress during the year.

In addition, we have improved worker safety in several areas. We have installed fall protection systems on all of the buildings. The fall protection systems are a series of anchored metal cables to which workers can attach safety harnesses when working on roof tops. We met the challenge of designing and installing these systems on historic monumental stone buildings with copper roofs.

We also successfully completed many projects that extend the useful life expectancy of the buildings, improving and expanding their operational capabilities. The campus-wide elevator modernization program continued in the Capitol, Senate, House, and Library buildings. In addition to replacing worn out hoists and refurbishing the cabs, we upgraded the elevators to meet life-safety standards and the requirements of the Americans with Disabilities Act (ADA). We installed state-of-the-art computer technology that sends the closest available elevator to the calling floor and provided fireman's recall service to elevators completed during 2004.

We completely renovated and upgraded the cafeteria kitchen, food service, and dining areas in the Rayburn House Office Building. We made the kitchen code-compliant, provided a fully modernized cooking area, and renovated the food service and dining areas to reflect current restaurant service trends. We turned the cafeteria over to the House food service contractor on schedule and within budget. We also completed additional work in the House office buildings that improved overall operational functionality, including the renovation of part of the basement in the Longworth House Office Building. We transformed an industrial area into a virtual storefront service area with significantly improved flooring, lighting, and ceiling fixtures. In keeping with our commitment to improving fire safety in all of our buildings, we installed sprinklers, smoke detectors, and fire alarms throughout the area. Finally, we began a multi-year public restroom upgrade program in the House office

buildings, modernizing and upgrading finishes and providing ADA-compliant fixtures and services.

We made similar improvements in the Senate office buildings. We continued to upgrade elevators in the Russell building and began modernization of the 12-car elevator bank in the Hart building. Further efforts in the Russell building included marble floor replacement, modernization of the basement to remove lead paint and upgrade lighting, and renovation of a historic committee room. We also completed public restroom upgrades in the north stack of the Dirksen building and in the north west stack of the Hart building, and opened the Senate staff exercise facility.

Work in the Library of Congress buildings included security improvements in the entrance lobbies of the James Madison, Thomas Jefferson, and John Adams Buildings. We provided the Library Police with secure yet architecturally sensitive kiosks at all public entrances, new code-compliant entry doors that meet security standards, and additional security features. In keeping with our goal of developing flexible project delivery strategies, we outsourced much of this work to SPAWAR, a Navy-based contractor specializing in security work.

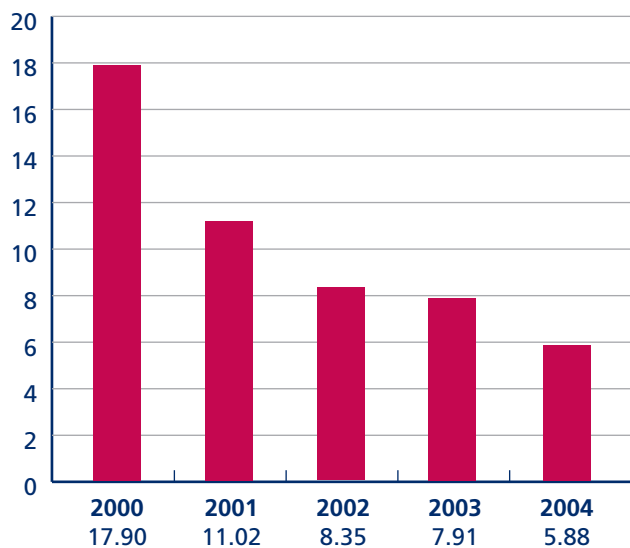
Similarly, our oversight of the new National Audio Visual Conservation Center in Culpeper, Virginia, represents a new era in public-private partnership.

Through a historic and generous donation by the Packard Humanities Institute, this new facility is under design and construction in support of the Library of Congress’s Motion Picture, Broadcasting, and Recorded Sound Division. In 2004 we continued our design and construction oversight and our third-party design review process, developed a comprehensive operations and maintenance plan, and completed the negotiation of the draft property transfer agreements.

The Capitol Building elevators also received upgrades on both the House and Senate sides. These projects required careful coordination with the Superintendent’s office, as shutting down elevators in the heavily used Capitol Building necessitates approval from each Chamber’s leadership.

Overall, we improved how we plan and deliver capital improvement projects. We issued new and revised procedural manuals, brought on board new Indefinite Delivery, Indefinite Quantity contractors for design services, and established new contract modification procedures. We strengthened our organization through an aggressive and comprehensive training program to assure that the entire team’s core competencies are kept current. We are making additional procedural and organizational improvements, and our Project Management team looks forward to improving its performance in the coming year.

### AOC Injury and Illness Rates



Number of injuries and occupational illnesses per 100 employees.

### SAFETY

We have made significant progress in reducing our injury and illness rates since 2000, when the rate was 17.9. For the fourth consecutive year, our injury and illness (I&I) rate has decreased. The rate is the number of injuries and occupational illnesses per 100 employees. It includes cases that result in lost time (defined as the continuation of pay and benefits through Workers’ Compensation) or medical expenses.

The Occupational Safety and Health Administration reports that for 2004 our rate fell to 5.88, compared to the overall average federal government rate of 4.19. During this time, more than one million federal employees worked for agencies with higher I&I rates than ours. In addition, our lost time case rate was 1.58, which is lower than the average for all federal agencies.

How has this been accomplished? No single action is responsible for the dramatic decrease in the I&I rate. A critical factor was the establishment of safety as an agency priority—a priority that requires the commitment of management to worker health and safety, and the involvement of every employee.

Other initiatives that have contributed to our ongoing success include developing written safety policies and procedures, analyzing past injuries to find ways to prevent recurrences, inspecting the shops and project sites, training, engineering hazards out of operations, and involving employees.

## Where We're Going, and How We'll Get There

Our core services are embodied in our strategic goals: provide quality facilities management and project management; hire and nurture skilled employees; and improve our business programs, processes, and systems.

Our objective is simple: to be an innovative and efficient team dedicated to service excellence. To gain the trust of the public, we are committed to developing clear performance goals and to reporting annually on meeting those goals.

### STRATEGIC AND PERFORMANCE PLANNING FRAMEWORK

On December 15, 2003, we published our first Strategic and Performance Plans for 2004 to 2008. Our Strategic Plan was developed in considerable measure by the AOC's Management Council, a leadership team fully committed to the transformative modernization of the organization's business strategies and practices. Under the direction of our Senior Leadership Team, this team of executives and operating managers worked intensively to craft goals and objectives that would stretch the organization and seek uncompromising excellence from our staff.

Our vision is **to be an innovative and efficient team dedicated to service excellence and to preserving, maintaining, and enhancing the national treasures entrusted to our care.** We have identified four goals that, if achieved, will enable us to succeed in our mission and realize our vision. These strategic goals emphasize core services and critical processes to deliver those services.

- **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.
- **Project Management.** Enhance the national treasures entrusted to our care by planning and delivering timely and quality projects.
- **Human Capital.** Attract, develop, and retain diverse and highly motivated employees with the skills, talents, and knowledge necessary to support our mission.
- **Organizational Excellence.** Provide the highest quality services to our clients through improved business programs, processes, and systems.

Our performance management approach includes strategic planning, annual performance planning and reporting, and the assessment of our performance based on meeting Agency-wide milestones and measures. The Strategic Plan serves as the cornerstone of this process. The Strategic Plan was created through consultation with stakeholders and an assessment of the Agency's internal and external environment. This plan is "operationalized" through the annual performance planning process, which translates strategic goals into objectives, action plans, milestones, and performance measures. Organization-wide measures, as well as goal, program, and employee-level measures, will be created as we continue to evolve our performance management process.



## Performance Management: 2004 Achievements At-a-Glance

### 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.”

- Completed Facility Condition Assessments for the Senate, House, and Capitol
- Defined items for inclusion in our Facilities Control Inspection Program
- Created Disaster/ Emergency Plans for relevant artwork sub-collections
- Loaded Preventative Maintenance data for elevators, escalators, and HVAC systems into the CAFM system for the Senate, House, and Capitol

### GOAL 2: PROJECT MANAGEMENT

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

- Awarded contract for Capitol Complex Master Plan
- Published Capital Improvements Plan (CIP) for 2005–2009
- Developed a formal process for evaluating Architect-Engineer (A-E) and contractor performance
- Initiated a pilot Project Management organization

### GOAL 3: HUMAN CAPITAL

“Attract, develop, and retain diverse and highly motivated employees with the skills, talents, and knowledge necessary to support the Agency’s mission.”

- Issued our Human Capital Plan
- Established a Leadership Development Program
- Linked Senior Executive performance systems to our strategic goals
- Developed an AOC Workforce Profile

### GOAL 4: ORGANIZATIONAL EXCELLENCE

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

- Issued internal and external reports on our Building Services Customer Satisfaction Survey (2002–2004)
- Issued v1.0 of our Enterprise Architecture
- Published our first-ever Accountability Report for 2003
- Developed an Environmental Program Plan and numerous policies on safety, information technology security, and financial management

## 2005 and Beyond

In 2004 we focused on implementing our strategic planning framework and refining our processes. In 2005 we will evolve from a focus on the process to a focus on results. This transition envisions our need to identify measures to demonstrate our success in achieving our strategic goals and objectives and set performance targets for our five-year planning horizon.

In addition, we will more tightly integrate our performance plan development with the budget process, workforce planning, and enterprise architecture to align resources with outcomes. We will institute a process for data collection, verification, and reporting, so that employees at all levels have the information they need for decision-making. Finally, we plan to include a performance section in our 2005 Performance and Accountability Report.



## Our Management and Control

As part of our relatively new public reporting policies, we have established an Audit Committee. We are also implementing internal control processes, and are adopting and implementing new policies and procedures to further enhance our accountability, responsibility, and integrity.

Our strong financial systems and improving internal controls are designed to provide accountability, integrity, and reliability. Our internal controls are designed to provide reasonable assurance that our obligations and costs are in compliance with applicable laws and regulations. Currently, we are beginning to implement a process to manage and monitor our system of internal controls more effectively. One such step was the establishment of an audit committee in 2003.

### OUR AUDIT COMMITTEE

We have established a five-member Audit Committee (Committee) that provides an independent review of our financial statement audit process:

- **Michael Lampley**—experienced business executive, retired partner from Ernst & Young LLP, and a Certified Public Accountant. He has vast experience in both the private and government sectors as an audit partner, chief operating officer, and certified government financial manager.
- **Michael J. Riley**—former CFO of the U.S. Postal Service, Lee Enterprises, and United Airlines. He is currently an Assistant Dean for Business and Management Studies in the School of Undergraduate Studies at the University of Maryland University College.
- **John Webster**—retired CFO of the Library of Congress. Appointed to the position in November 1989, he was responsible for strategic planning, annual program performance planning, budget, accounting operations, financial reporting, financial systems, and disbursing functions. Mr. Webster is a CPA and CGFM.
- **Gary Glovinsky**—AOC Chief Financial Officer. He was appointed to the position in 2001. Before joining the Architect of the Capitol, Mr. Glovinsky served as Chief, Financial Management Division, Headquarters, for the Defense Contract Audit Agency.

- **Art McIntye**—AOC Inspector General. Reporting directly to the Architect, Mr. McIntye became our Inspector General in 1996 after serving as the AOC's Internal Auditor for 14 years. He is responsible for audits, investigations, and appraisals of the efficiency of the organization's activities, programs, and operations, which includes detection and prevention of fraud, waste, and abuse.

Messrs. Lampley, Riley, and Webster are voting members, while Messrs. Glovinsky and McIntye, as AOC employees, are non-voting members. The primary function of the Committee is to provide open avenues of communication among the Inspector General, the Independent Public Accountant, and the management of the AOC regarding the financial statement audit process. The Committee reviews and makes recommendations regarding all matters relating to the Independent Public Accountant who will perform our financial audit. The Committee must report its actions to our management and may make recommendations it considers appropriate to its function. More information on our Audit Committee is located on our Web site at [www.aoc.gov/aoc/cfo/committee/audit-charter.cfm](http://www.aoc.gov/aoc/cfo/committee/audit-charter.cfm).

## Our Current Financial Condition

For 2003 and 2004, we submitted only our balance sheets for audit. We are continuing to develop the processes and procedures with which we will account for and report on our financial position. In 2005, we will submit all of our financial statements for audit.

2004 marks the second consecutive year that we are publicly reporting on our financial position. An independent outside auditor has examined our balance sheet and notes and—as in 2003—has rendered an unqualified or “clean” opinion.

The purpose of the balance sheet is to provide financial statement users with information about our assets, liabilities, and net position as of September 30, 2004 and 2003. In accordance with generally accepted accounting principles for federal government entities, the value of the AOC's collections is not calculated and reported with a monetary value. Instead, we prepare a Stewardship Report which describes the collections and provides relevant information about their use, preservation, security, and maintenance.



We are responsible for nearly 15 million square feet of space with a net book value exceeding \$1 billion, making us the fifth largest manager of real estate in the Washington, D.C., area as ranked by the *Washington Business Journal 2004 Book of Lists*.

Our balance sheet reflects total assets of \$2,042.3 million for 2004 as opposed to \$1,825.5 in 2003, an increase of nearly 12%. Property and equipment increased significantly, by \$224.9 million or 23.9%, from 2003. This was mainly due to the growth of projects that we have undertaken. The bulk of our remaining assets is our fund balance with the U.S. Treasury, which represents unexpended appropriation balances.

Liabilities were \$402.5 million and \$321.4 million for 2004 and 2003, respectively. Approximately 40% consists of a special financing arrangement to construct the Thurgood Marshall Federal Judiciary Building. The remainder consists primarily of capital lease liability, workers' compensation, and accrued accounts payable, contract holdbacks, and contingent liabilities.

Our net position increased to \$1,639.8 million for 2004, compared with \$1,504.1 in 2003. This is composed of unexpended appropriations and cumulative results of operations. Included in unexpended appropriations are appropriations not yet obligated or expended, including undelivered orders. Cumulative results of operations represent the net result of our operations since inception.

The information we provide on our balance sheet and in the notes is the result of our continuing development of the processes and procedures needed to account for and report on our financial position. Building upon the foundation of the balance sheet, our financial management improvement plans include a full-scope audit of a complete set of financial statements for 2005. It is a key step in our effort to demonstrate our dedication to financial control, accountability, and transparency. With a concerted effort, we will continue to make progress toward achieving accountability and producing reliable financial and management information on a regular basis.

While obtaining an unqualified audit opinion is an important objective, it is not an end in itself. The key

is to take steps to continuously improve internal controls and the underlying financial and management information systems. We are dedicated to continuously improving our efficiency, effectiveness, internal control, and accountability.

#### NEW POLICIES AND PROCEDURES

During 2004 we adopted and implemented key policies and procedures in the areas of inventory management, accounting principles and standards, capital assets, and accounts payable accruals, to name a few. We also have a number of policies and procedures in draft form for other critical areas that were not yet approved and implemented in 2004. We view these policies and procedures as an important financial control.

#### SUMMARY OF AUDIT RESULTS

The independent auditing firm, Kearney & Company, PC, has given our balance sheet a clean opinion for the second consecutive year. The auditors noted four material weaknesses and two reportable conditions in their Independent Auditor's Report on Internal Control. For complete information regarding the audit results, please consult the auditor's documented findings and recommendations in the report, posted on our Web site at [www.aoc.gov/aoc/cfo/index.cfm](http://www.aoc.gov/aoc/cfo/index.cfm).

Our summary of the auditor's material weakness findings, and our response and plan to address these weaknesses are outlined below.

1. **Internal Control Assessments.** Our auditor found that we did not have a formal and systematic process in place to assess and evaluate the design and operation of internal controls. In the absence of such an assessment, we can not determine if our current internal control design mitigates existing risks and effectively safeguards assets.

**Management Response.** We agree with the finding. We are working to formally evaluate, document, and recommend improvements on the effectiveness of the design and operations of our internal control structure. Currently, we are working to identify key financial and operational processes; performing risk analysis; updating process documentation, flowcharts, and controls; benchmarking controls; and documenting deficiencies.

2. **Annual Leave.** Our auditor discovered that we did not have adequate annual leave processing controls. The auditor discovered leave balances in the payroll and time and attendance (T&A) systems did not always agree, manual adjustments were not always properly authorized, and leave earning rates were not consistent with years of service.

**Management Response.** We agree with the finding. We have deployed new tools to assist us in preventing leave balance errors, and detecting and correcting them in a timely manner. In addition, a T&A audit form has been developed that will serve as the authorization document for manual adjustments to leave balances. Furthermore, the Office of the Inspector General will conduct random samplings of our T&A timekeepers on an ongoing basis to ensure compliance.

3. **Timekeeping Controls.** Our auditor noted that we did not have effective controls over time and attendance processing that prevented undetected modification to recorded hours worked after supervisory approval; required supervisors and employees to regularly sign and attest to the accuracy of timesheets; and required proper approval of scheduled absences.

**Management Response.** We agree with the finding. Our auditor found instances where supervisors and employees did not sign timesheets as required by personnel policies and where documentation was not maintained to show supervisors approved annual leave, as well as overtime. Existing agency-wide procedures have been re-emphasized and new procedures have been established where necessary. HR will work in coordination with the Office of the Inspector General who will perform periodic audits on an ongoing basis.

4. **Construction Work-in-Progress (CWIP).** Our auditor discovered that we did not maintain a formal system that ensures execution of a contract or modification prior to initiation of the work. The auditor's testing identified invoices totaling \$32.8 million that were dated before or within 14 days of when the contract or modifications were signed. Additionally, the auditor noted that we did not have formal procedures in place that provided guidance for the proper classification of project costs, which resulted in an incorrect classification to CWIP of \$1.8 million. Finally, our auditor found that our payment requisition approval process does not contain a formal step to validate requisition contract values against executed contract amounts and subsequently inform the contractor of any discrepancies.

**Management Response.** We agree with the finding. We adopted formal procedures for addressing the unauthorized procurements by approving AOC Order No. 34-01-01—Ratifications of Unauthorized Procurements—on March 22, 2005. To address the lack of formal procedures for the proper classification of project costs, we are studying several means to ensure proper classification, accuracy, and compliance with guidelines. Finally, in regard to validating requisition contract values against executed contract amounts, the involvement of our contracting officers in the invoice review process will be determined and standardized. A formal process will then be adopted and training sessions may be implemented to cover issues such as returning noncompliant invoices to contractors, detection of errors in the value of work completed, as well as any other issues.

As part of obtaining reasonable assurance about whether our balance sheet was free of material misstatement, the auditors performed tests of our compliance with certain provisions of laws and regulations. Providing an opinion on compliance with laws and regulations was not an objective of their audit and, accordingly, they have not expressed such an opinion. However, they are required by Government Auditing Standards and OMB Bulletin No. 01-02 to disclose instances of noncompliance. The results of their tests identified two instances of noncompliance. Our summary of those items and our response and plan to address them follow.

1) We are not in compliance with the Congressional Accountability Act (CAA) of 1995 (repeat finding from the 2003 audit) and, 2) due to an uncertified performance appraisal system, we compensated three senior executive employees above Level III of the Executive Schedule.

**Management Response.** We agree with both findings. With regard to the CAA finding, we are constantly assessing and updating our plans to mitigate non-compliance situations. With regard to the matter of executive overpayments, a retroactive pay adjustment was processed for one employee. We notified each affected executive in writing of the basis for the overpayment and outlined the corrective measures that would be taken.

Our management is responsible for complying with laws and regulations applicable to our organization. With the exception of the two items noted above, we assert our compliance with all laws and regulations applicable to our organization.

### Our Legal Compliance

Although we are not required to do so, we have adopted laws, regulations, and standards to help us operate much as other federal agencies operate.

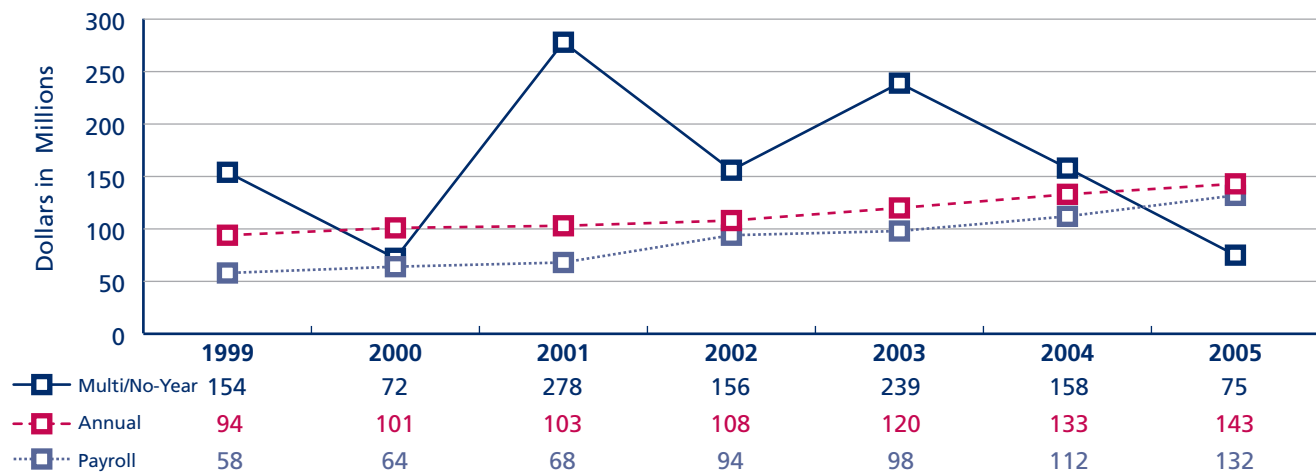
As a legislative office, we are not required to follow the accounting principles established by the Comptroller

General under 31 U.S.C. 3511 or the standards promulgated by the Federal Accounting Standards Advisory Board (FASAB). For financial reporting purposes, we have issued AOC Order No. 32-02, which adopts U.S. generally accepted accounting principles (GAAP) for financial reporting and internal controls in a manner consistent with a legislative office.

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, because these standards apply only to executive branch agencies. However, we are committed to using these Acts as guidance or “best practices” and are incorporating them into our financial management practices as appropriate.

In lieu of developing, implementing, and maintaining our own standards, we have chosen to adopt existing standards and conform to those principles insofar as it is practical for a legislative office. We embrace certain laws, regulations, standards, and other sources of accounting principles and view them as prudent management practices that will allow us to operate effectively and efficiently in a manner consistent with other federal agencies. We continue to follow and implement many of these best practices.

### AOC Appropriation Trends



Multi-year and no-year appropriations fluctuate with our capital project load, while appropriated funds for payroll and other expenses have been keeping pace with cost-of-living increases and inflation.

## Our Challenges

In building for the future, we must meet the challenges of developing cost accounting standards, working within budget constraints, and balancing our needs and requirements with the sometimes conflicting needs and requests of our clients.

### COST ACCOUNTING

A sound cost accounting system can provide managers with the information they need to effectively manage operations while at the same time extending responsibility for financial accountability and control throughout those operations.

As called for in our Strategic Plan, we have prepared an annual financial report by major program for 2004. These reports were prepared for internal review but were not released to the jurisdictions because it was determined the reports did not serve their mission needs. We are currently analyzing the managerial needs, financial data, and best practices within our organization to produce comprehensive and useful financial reports for the operating units.

While we are educating users and laying a firm foundation for future cost management practices, there are challenges in the migration to a cost-based accounting system that we believe we are ready to meet. We plan to adopt a phased approach to make an orderly transition from the current budget-based financial system to one that is performance-based. Those plans will include pilot deployment of an interim cost structure for managers through 2006, followed by the development of the structure for General and Administrative (G&A) cost reporting, and development of the structure for jurisdictional services in 2007. We believe this approach will help us to develop and enforce appropriate and consistent performance metrics across our major jurisdictions, and further improve the management of the jurisdictions and extend full responsibility for financial accountability and control to them.

### BUDGET REQUESTS AND FUTURE BUDGET TRENDS

The AOC is entrusted with the preservation, maintenance, and enhancement of the national treasures that make up the U.S. Capitol complex. Due to the historic nature and high-profile use of the facilities, a complex

environment is created within which we must balance budgetary needs with the expectations and requirements of our multiple stakeholders. Our stewardship role requires that we attempt to use or adapt appropriate historic design for construction projects while ensuring a safe and secure environment for AOC personnel, Congressional members and staff, and the visiting public. These are resource-intensive issues in terms of both cost and time which makes the AOC budget justification process a formidable one.

Since 2003, our budget requests have been driven by such factors as complex-wide master planning, security concerns, large capital project requests, and increased demands on operations and maintenance. We have an integrated project planning system that provides a comprehensive view of the project requirements five years into the future. However, the current funding environment is austere, with few resources to fund a multitude of needs. It is challenging to balance operational needs and, at the same time, maintain the facilities to recognized national standards while also building for our future. Funds appropriated in 2005 were lower than those appropriated in 2004, and it is expected that this trend will continue in the near term.

We continue to strive for a more integrated approach ensuring that a long-term capital project program strategy will identify and fortify current and future resource requirements. Facility condition assessments, currently being performed within various buildings across the Capitol complex, should be completed in 2005, with the exception of the Supreme Court and the Library of Congress. These assessments will also assist in the planning and programming of future budget requests. They will provide us with a realistic, comprehensive schedule for performing cyclical maintenance, including the requisite resource requests that will provide additional stability to future operational and maintenance requirements.

We have developed a comprehensive Strategic Plan and our budget requests will continue to link to our Strategic Plan and its organizational goals and objectives. We intend to comply with the spirit and intent of the Government Performance and Results Act, which encourages greater efficiency, effectiveness, and accountability in government spending. Our plan will outline a set of goals complete with performance indicators and metrics to articulate how our resources



Room H-144 before Conservation

Room H-144 after Conservation

Room S-127 Panel before Conservation

Room S-127 Panel after Conservation

are used. Our capital budget has been re-examined and we realigned our requests for future capital projects to reflect a scoring mechanism that considers preservation, safety, mission, economics, and security. In light of federal budget trends and financial constraints, we will continue to evaluate projects and operations on the basis of their merits and their place in our Strategic Plan.

We continue to improve and streamline our financial management and budget processes so our jurisdiction and project managers can efficiently and economically execute the funding within their authority.

### Preserving America’s Heritage

Our highest priority is the protection and preservation of the historic Capitol complex, its buildings, artwork, and grounds.

Stewardship of our nation’s treasures is one of our core values. We undertake every design and maintenance effort to protect and preserve the Capitol complex’s rich historic features. We are responsible for the preservation of paintings, murals, statues, architectural and landscape features, historic collections, and the buildings that house them. We are also charged with the maintenance and operation of the United States Botanic Garden and with any construction, modifications, and improvements made to the Garden.

### FINE AND ARCHITECTURAL ART

We care for fine and decorative art that is permanently attached to buildings and building systems, such as murals, bronze doors, and lighting fixtures, and art that is under the jurisdiction of the Joint Committee on the Library, such as the art in the Rotunda and the National Statuary Hall Collection. Our curator works with the heads of various jurisdictions to advise on and assist with managing the conservation of works of art, including outdoor sculpture. In addition, our curator works closely with the Senate and House curators to provide information about and care for other works of art such as oil paintings.

In 2004, a number of significant and highly visible conservation projects were undertaken:

- The conservation of the historic gilded frames in the Rotunda dating from the 1820s began. The last major gilding work on them was done a half-century ago. The goal of the project is to preserve as much of the historic gilding as possible and to match new gilding to it.
- The benches in the Rotunda, dating from 1859, are being removed for study, structural repairs, conservation, and recoating of the cast-iron ends to match the original “Florentine bronze” finish.
- Conservation work was carried out in two rooms containing some of Constantino Brumidi’s first murals



Gilded Cloak before Conservation

Cloak after Regilding

Bronze Damaged by Touching

Bronze after Repatination



The Great Pollinator Partnership



Orchids! Beauty and Beyond

in the Capitol. In H-144, the hearing room for the House Appropriations Committee, the original frescoed walls with illusionistic stone carved moldings were uncovered, completing the earlier conservation of the frescoed scenes that had been conserved in 1987–1988. In S-127, the Senate Appropriations Committee hearing room, conservation of the maiden panels successfully restored the striking blue backgrounds and delicate details. In addition, the ceiling vaults and lunettes in one section of the main corridor that had been heavily over-painted and had severely flaking paint were conserved.

- Restoration of scagliola, the imitation marble panels installed in the 1850s, continued in the Hall of Columns.
- Extensive paint analysis to determine historic colors and designs was carried out in the second-floor corridor surrounding the House Chamber and in the grand stairways.
- The conservation of the bronze and marble statues in the National Statuary Hall Collection in the Capitol continued.
- The bronze Garfield Monument, situated west of the Capitol, was cleaned and its protective coatings were renewed. Similar work was also completed on the bronze statue at the Taft Memorial.

- Repairs were made to the marble Peace Monument.
- Regular inspections and minor repairs continued as part of the maintenance program for the murals in the Library of Congress Jefferson Building that were conserved during its restoration and renovation.

#### THE U.S. BOTANIC GARDEN

The United States Botanic Garden is the nation's oldest continuously operating public garden. Inspired by President's Washington, Jefferson, and Madison, and established by President James Monroe in 1820, it is emerging as one of the preeminent botanic gardens in the nation. The U.S. Botanic Garden Conservatory is one of only four institutions in the United States to be honored with the designation as a National Horticultural Landmark by the American Society of Horticultural Science.

A fascinating living plant museum at the foot of Capitol Hill, the Botanic Garden is maintained by the AOC to demonstrate the aesthetic, cultural, economic, therapeutic, and ecological importance of plants to humankind. The Botanic Garden maintains nearly 36,000 plants used for exhibition, study, and exchange with other institutions.

During 2004, we added more than 800 new and unusual accessions to our present collections; provided more than 5,000 tropical and temperate plants for public

How Plants Work:  
A Guide to Being GreenPlants in Print: The Age  
of Botanical DiscoveryEvening Reception at  
the U.S. Botanic Garden



Flora: Sculptures of the Natural World



U.S. Navy Sea Chanters

display, including orchids; and grew almost 18,000 seasonal plants for display. With nearly one million visitors per year, the Garden has a unique ability to educate and inform its visitors on the importance of plants. It's a treasure that grows more and more beautiful.

### THE NATIONAL GARDEN

We were authorized by law to establish the National Fund for the United States Botanic Garden. Its purpose was to design and construct the National Garden at the U.S. Botanic Garden and to support the educational programs of the Garden. This project is solely funded by private donations from corporations and local garden clubs across America. It is our first public-private partnership project. Construction of the National Garden began in spring 2004, and it is scheduled to open in summer 2006.

The National Garden is a symbol of America's appreciation of and respect for nature and our environment. The National Garden is located on the Capitol grounds, on a three-acre site adjacent to the U.S. Botanic Garden Conservatory. It will be one large garden comprised of several smaller gardens, including the Rose and Butterfly Gardens (part of the Basic Garden), the Regional Garden, and the First Ladies' Water Garden. Once completed, it will serve as a living laboratory for learning about ourselves through the study and understanding of the complexity of nature.



Rendering of the National Garden Features (includes future plans for the Environmental Learning Center, currently unfunded)

Additional information on the heritage assets under our care is included in the section titled Stewardship Report beginning on page 40.

### Limitations of the Balance Sheet

Our balance sheet is the culmination of a systematic accounting process that includes certain estimates and assumptions. We have prepared the statement to report our financial position according to our accounting principles and standards. While we have prepared the statement from our books and records, the statement is in addition to the financial reports we use to monitor and control budgetary resources that we prepare from the same books and records. Readers should understand that the statements are a component of the United States government, a sovereign entity. Thus, liabilities cannot be liquidated without legislation that provides the resources to do so.

## *A MESSAGE from* THE CHIEF FINANCIAL OFFICER



The intent of this report is to provide transparency as to the AOC's diverse operations and our efforts to continually improve the cost effectiveness of the services we provide. We are deeply committed to the accountability and performance process and to the pivotal role it plays in

creating a world-class finance organization. We are well on our way to becoming such an organization.

We made significant strides in 2004. Some of the highlights of our results include

- Another clean audit opinion. For the second consecutive year, our independent public accounting firm, Kearney & Company, issued an unqualified or "clean" opinion on the AOC's balance sheet. This is the best possible audit result and ensures that the reader can have confidence that the balance sheets fairly state our financial position.
- The close-out of six of seven auditor-reported material weaknesses brought to our attention during our 2003 financial audit.
- The publication of our first Strategic and Performance Plans. Our Strategic Plan was developed in considerable measure by the AOC's Management Council, a leadership team fully committed to the transformative modernization of the organization's business strategies and practices. Under the direction of the AOC Senior Leadership Team and Management Council, this team of executives and operating managers worked intensively to craft goals and objectives that would advance the organization.
- Development of an Internal Controls Implementation Support program. The program will provide guidance to the AOC's management in order to maintain and improve the accountability and

effectiveness of our financial systems and operational programs by establishing, assessing, correcting, and reporting on internal controls. This follows our long-term plan and will prepare us for the 2005 full financial audit.

- Continued reduction in our supply and materials inventories. We reduced our inventory balance another 11.5% by focusing on usage and number of turns. In addition, we exceeded our goal of improving inventory accuracy.

The Independent Auditor's Report on Internal Control for 2004 contains four new material weaknesses. The audit report also includes two reportable conditions. We have accepted responsibility for addressing these issues and expect to take final actions in the months ahead. We foresee no major impediments to correcting these weaknesses. Additional information regarding the weaknesses and our plans for addressing them can be found in the Summary of Audit Results section of this report.

While we are pleased with our accomplishments, we will continue to improve all aspects of performance and strive to maintain higher financial management standards. I am confident that you will find this Accountability Report shows that our employees take their responsibilities seriously and are working diligently to ensure that taxpayers' dollars are well-managed.

Gary Glovinsky  
Chief Financial Officer  
October 31, 2005



# ARCHITECT of THE CAPITOL

## 2003/2004 BALANCE SHEET

For Years Ending September 30, 2004 and 2003

dollars in thousands

	2004	2003
<b>ASSETS</b>		
Intragovernmental Assets:		
Fund balance with Treasury (Note 2)	\$ 840,904	\$ 849,038
Accounts receivable (Note 4)	1,526	1,206
<b>Total intragovernmental</b>	<b>\$ 842,430</b>	<b>\$ 850,244</b>
Investments (Note 3)	\$ 31,522	\$ 31,921
Accounts receivable (Note 4)	108	67
Property and equipment, net (Note 5)	1,168,204	943,224
Other	11	17
AOC collections (Note 1.J)	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,042,275</b>	<b>\$ 1,825,473</b>
<b>LIABILITIES</b>		
Intragovernmental:		
Accounts payable (Note 6)	\$ 126	\$ -
Accrued unfunded workers' compensation (Note 7)	8,222	7,742
Other (Note 12)	1,525	1,258
<b>Total intragovernmental</b>	<b>\$ 9,873</b>	<b>\$ 9,000</b>
Accounts payable	\$ 6,106	\$ 5,201
Debt held by the public (Note 8)	162,835	165,777
Accrued annual leave and other (Note 7)	11,820	15,132
Actuarial unfunded workers' compensation (Note 7)	45,837	45,272
Capital lease liability (Note 11)	69,267	47,903
Other liabilities with the public (Note 9)	96,730	33,101
<b>Total liabilities</b>	<b>\$ 402,468</b>	<b>\$ 321,386</b>
<b>NET POSITION</b>		
Unexpended appropriations	\$ 735,188	\$ 797,429
Cumulative results of operations	904,619	706,658
Total net position	1,639,807	1,504,087
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 2,042,275</b>	<b>\$ 1,825,473</b>

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

# NOTES to THE BALANCE SHEETS

## 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, Capitol Power Plant, U.S. Botanic Garden, Capitol Police Buildings, Supreme Court Building, 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, and
- 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.

### 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 predetermined amount to recover the cost of supplying these services and record these amounts as offsetting collections. Any amount collected over the predetermined 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 (*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.

#### 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, and
- 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 nine 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 3 to 40 years, using the straight-line method. All 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 beginning on page 40.

#### 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. DOL determines the actuarial liability for claims outstanding at the end of each year. This liability includes the estimated future costs of death benefits, workers' compensation, and medical and miscellaneous costs for approved compensation cases (*see Note 7*).

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 10*).

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 10*).

**Annual, Sick, 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. Sick leave and other types of leave are expensed when taken and no future liability is recognized for these amounts (*see Note 7*).

#### 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 9*).

#### N. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to match current year presentation.

## 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, 2004 and 2003, is as follows:

### A. FUND BALANCES

Fund Balances		
dollars in thousands		
Fund Type	2004	2003
Appropriated Funds	\$ 830,406	\$ 848,379
Revolving Funds	1,350	531
Trust Funds	9,148	128
<b>Total</b>	<b>\$ 840,904</b>	<b>\$ 849,038</b>

### 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, 2004 and 2003, consist of the following:

Status of Fund Balance with Treasury		
dollars in thousands		
Balance Type	2004	2003
Unobligated Balance		
Available	\$ 407,115	\$ 521,882
Unavailable	24,412	31,901
Obligated Balance not yet Disbursed	409,377	295,255
<b>Total</b>	<b>\$ 840,904</b>	<b>\$ 849,038</b>

## Note 3: Cash and Investments Held Outside Treasury

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:

Funds Held Outside Treasury		
dollars in thousands		
Fund Type	2004	2003
Operating Reserve	\$ 30,316	\$ 30,061
Project	1,206	1,860
<b>Total</b>	<b>\$ 31,522</b>	<b>\$ 31,921</b>

## Note 4: Accounts Receivable

The breakdown of consolidated gross accounts receivable at September 30, 2004 and 2003, is as follows:

Accounts Receivable		
dollars in thousands		
Receivable Type	2004	2003
Entity:		
Intragovernmental	\$ –	\$ 131
With the Public	108	67
<b>Total Entity</b>	<b>108</b>	<b>198</b>
Non-Entity:		
Intragovernmental	1,526	1,075
<b>Total Accounts Receivable</b>	<b>\$ 1,634</b>	<b>\$ 1,273</b>

Based upon a year-end review, all receivables are deemed 100% collectible.

## Note 5: Property and Equipment

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

Property and Equipment: 2004			
dollars in thousands			
Class of Property and Equipment	Acquisition Value	Accumulated Depreciation	Net Book Value
Buildings	\$ 671,617	\$ 402,647	\$ 268,970
Building Improvements	629,161	358,586	270,575
Land	134,791	–	134,791
Land Improvements	62,060	9,638	52,422
Capital Leases			
Real Property	72,112	9,558	62,554
Personal Property	8,790	8,753	37
Leasehold Improvements	13,583	693	12,890
Equipment Computers, Hardware and Other	13,922	8,185	5,737
Construction Work-in-Progress	360,228	–	360,228
<b>Total</b>	<b>\$ 1,966,264</b>	<b>\$ 798,060</b>	<b>\$ 1,168,204</b>

Property and Equipment: 2003			
dollars in thousands			
Class of Property and Equipment	Acquisition Value	Accumulated Depreciation	Net Book Value
Buildings	\$ 671,617	\$ 387,769	\$ 283,848
Building Improvements	577,431	336,355	241,076
Land	134,791	–	134,791
Land Improvements	33,871	7,382	26,489
Capital Leases			
Real Property	45,711	4,190	41,521
Personal Property	8,790	8,735	55
Equipment Computers, Hardware and Other	8,484	4,941	3,543
Construction Work-in-Progress	211,901	–	211,901
<b>Total</b>	<b>\$ 1,692,596</b>	<b>\$ 749,372</b>	<b>\$ 943,224</b>

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: Liabilities Not Covered by Budgetary Resources

The liabilities on our Balance Sheets as of September 30, 2004 and 2003, 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 2004 and 2003 are as follows:

Liabilities		
dollars in thousands		
	2004	2003
Intragovernmental:		
Accounts Payable	\$ 126	\$ –
Accrued unfunded workers' compensation	8,222	7,742
Other	1,525	1,258
<b>Total Intragovernmental</b>	<b>\$ 9,873</b>	<b>\$ 9,000</b>
Total liabilities not covered by budgetary resources	345,373	282,280
Total liabilities covered by budgetary resources	57,095	39,106
<b>Total</b>	<b>\$ 402,468</b>	<b>\$ 321,386</b>

## Note 7: Payroll and Liabilities

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

Accrued Annual Leave and Other		
dollars in thousands		
Accrual Type	2004	2003
Funded Accrued Payroll	\$ 5,272	\$ 9,087
Unfunded Accrued Annual Leave	6,548	6,045
<b>Total</b>	<b>\$ 11,820</b>	<b>\$ 15,132</b>

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 2004 and 2003 was calculated using a formula provided by DOL.

Workers' Compensation		
dollars in thousands		
Type	2004	2003
Unfunded Annual (current)	\$ 8,222	\$ 7,742
Actuarial Unfunded (long-term)	\$ 45,837	\$ 45,272

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 6.

## Note 8: Debt Held by the Public

As of September 30, 2004 and 2003, 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:

Debt Held by the Public		
dollars in thousands		
	2004	2003
Securities	\$ 344,600	\$ 361,830
Interest Payable	1,162	1,176
<b>Subtotal</b>	<b>345,762</b>	<b>363,006</b>
Discount on Securities	(400,123)	(400,123)
Less: Amortization of Discount	217,196	202,894
<b>Subtotal</b>	<b>(182,927)</b>	<b>(197,229)</b>
<b>Total</b>	<b>\$ 162,835</b>	<b>\$ 165,777</b>

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 9: Other Liabilities with the Public

Other Liabilities with the Public consists of Accrued Accounts Payable, Contract Holdbacks, and Contingent Liabilities.

We conducted a review of contingent liabilities for financial statement purposes for 2004 and 2003. 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.

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 the AOC. 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.

Because the review of estimates is required in the preparation of our financial statement, our balance sheet reflects a liability of approximately \$30 million in 2004 and \$8 million in 2003. 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.

### Note 10: Imputed Financing

In accordance with SFFAS No. 4, "Managerial Cost Accounting," imputed financing results when an entity receives unreimbursed 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 Employees' 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. 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. CSRS provides a basic annuity and Medicare coverage. The CSRS fund covers substantially all AOC employees hired

prior to January 1, 1984. 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. AOC and the employee contribute to Social Security and Medicare at the rates prescribed by law. AOC does not match contributions to the Thrift Savings Plan for employees who participate in the CSRS Offset.

#### *Federal Employees' 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.

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:

Imputed Financing		
dollars in thousands		
Benefit Type	2004	2003
CSRS	\$ 8,544	\$ 9,531
CSRS Offset	706	671
FERS	10,925	10,695
Less: Contributions	(15,491)	(13,890)
<b>Subtotal Pensions</b>	<b>4,684</b>	<b>7,007</b>
Health	7,113	5,658
Life Insurance	18	17
<b>Total Employee Benefits</b>	<b>\$ 11,815</b>	<b>\$ 12,682</b>
Corps Building Improvements	14,007	3,450
<b>Total Imputed Financing</b>	<b>\$ 25,822</b>	<b>\$ 16,132</b>



## Note 11: Leases

As of September 30, 2004 and 2003, 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, that have initial or remaining noncancelable lease terms in excess of one year.

### CAPITAL LEASES

<b>Capital Leases</b>			
dollars in thousands			
<b>Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total</b>
2004	\$ -	\$ 2	\$ 2
2005	9,483	13	9,496
2006	9,720	13	9,733
2007	8,818	-	8,818
2008	8,849	-	8,849
2009	8,879	-	8,879
Thereafter	36,709	-	36,709
<b>Total Future Lease Payments</b>			<b>\$ 82,486</b>
Less: Imputed Interest			13,219
<b>Net Capital Lease Liability</b>			<b>\$ 69,267</b>

### 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 2005 through 2009 is as follows:

<b>Operating Leases</b>			
dollars in thousands			
<b>Year</b>	<b>Real Property</b>	<b>Personal Property</b>	<b>Total</b>
2005	\$ 6,507	\$ 69	\$ 6,576
2006	6,549	60	6,609
2007	480	51	531
2008	259	41	300
2009	266	41	307
Thereafter	533	656	1,189
<b>Total Future Lease Payment</b>			<b>\$ 15,512</b>

## Note 12: Other Liabilities

During 2004 and 2003, other liabilities consisted of miscellaneous receipts that are to be forwarded to Treasury. 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 13: Subsequent Events

On September 30, 2005, GAO issued Comptroller General Decision B-305945 stating that we do not have the authority to raise the maximum rate of basic pay for certain employees to Level II of the Executive Schedule unless we have a certified performance appraisal system that makes meaningful distinctions in performance, which we currently do not have. We may only pay up to Level III of the Executive Schedule unless we submit our performance appraisal system to OPM for certification or request Congress to provide us with the authority to self-certify.

Management is assessing the situation and will take the appropriate corrective action.

# STEWARDSHIP REPORT

(UNAUDITED)

Sculptures, paintings, mantels, chandeliers, fountains, rare and historic trees and plants, and historic buildings throughout the Capitol complex are among the many stewardship and heritage assets that the Office of the Architect of the U.S. Capitol has the responsibility to preserve and protect.

## Overview

For the report on 2004, the heritage assets reported on are those in or attached to the United States Capitol Building, on the Capitol Grounds, and the living collections cared for by the U.S. Botanic Garden. With the exception of the Library of Congress Jefferson Building, there are relatively few works of art cared for by us in or on other buildings and grounds.

Heritage assets for which we are responsible are both collectible and non-collectible (e.g., architectural) in nature. In the large sense, the non-collectible assets include the structures themselves. Many of the assets listed below are considered national treasures and caring for them is part of the stewardship mission of our organization.

## Background

The curatorial and archival functions are managed by our Curator's Office. The major function of this office is to maintain the inventory and files for art and historical objects, which was established by Curator Charles Fairman in 1911. Mr. Fairman served as curator until 1941 and prepared the early publications about Capitol art and artists. The collection has been catalogued and published as a whole, most recently in *Art of the United States Capitol*, 1978. Our Curator's Office has a file on each work of art, artist, and room in the Capitol, in addition to files on the buildings and architectural subjects, and maintains computerized inventories of heritage assets.

Up to the late twentieth century, we advised the Joint Committee on the Library on the acceptance and placement of works of art and cared for all of the art in the United States Capitol. Since the creation of the positions of Senate Curator in 1968, Curator for the Architect of the Capitol in 1976, and House Curator in 2002, responsibilities for art have been shared or overlap. Our Curator communicates with the Senate and House Curators to share information and coordinate projects.

We have employed persons to restore works of art throughout the Capitol over the years. In the 1970s we began to manage the conservation of works of art and preservation of other heritage assets using new professional standards established by the American Institute for Conservation. Funds are requested and expended each year for this purpose. We follow modern conservation standards, which require us to fully document, in writing and with photographs, any conservation efforts. Our Curator maintains a library of the conservation reports.

Our Curator works with the superintendents and other facility managers to advise on or assist with the management of contracts to conserve certain heritage assets and to advise on preservation issues. It is the responsibility of the Photography Branch, supervised by the Curator, to document heritage assets and conservation projects. The Records Management Branch inventories and preserves documents, such as textual records and architectural and engineering drawings, and makes them available to support projects.

In addition, the work of our Architectural Historian, an employee of the Architecture Division, also plays an essential role in the historic preservation efforts and research regarding the facilities in the Capitol complex. Working closely with the Curator's Office, the historian provides scholarly building documentation for use by the Architecture and Engineering Divisions. The historian researches and writes historic structure reports and also prepares historically appropriate designs for restorations and other improvement projects.

In the tables that follow, we use a rating scale for "general condition" that ranges from poor to good. It is the aggregate condition of the collection as of September 2004. An asset in poor condition would be one that requires significant restoration to return it to its original condition, whereas an asset in good condition does not require immediate attention beyond routine maintenance. Condition surveys are periodically performed and documented, with necessary funds requested to ensure the assets remain in good condition for future generations to appreciate and enjoy.

## Art in the United States Capitol

### FINE ART

*Fine art* includes works of art by a known artist that are not permanently attached to a structure under the jurisdiction of the Joint Committee on the Library and cared for by us. They could also be works originally accepted by the Joint Committee on the Library and joint in subject matter. Thus, they may be counted as possibly joint, although located in the Senate and House wings and, in many cases, considered to be part of the Senate or House collections.

#### A. Interior Sculpture

The United States Capitol is filled with sculptures in bronze and marble. Many of them are part of the National Statuary Hall Collection, which consists of two statues donated by each state.

#### B. Oil Paintings and Frames

The largest collection of oil paintings consists of the portraits of House committee chairmen. Prior to 2002

#### Interior Sculpture

Type of Heritage Asset	Number on 10/01/03	Number on 9/30/04	Change	General Condition
National Statuary Hall Statues**	97	98	1*	fair to good
Other Statues in Rotunda***	6	6	–	fair to good
Possibly Joint Statues	5	5	–	good
Busts	10	10	–	good
Possibly Joint Busts	26	26	–	good
Other (maquettes, reliefs, etc.)	8	8	–	good

\* The cost of the statue and delivering it to the Capitol is borne by the state that donates it.

\*\* Condition assessments of the National Statuary Hall Collection were made by conservators in 1991 and again in 2002. The sculpture collection is being conserved in increments and a maintenance program is currently under development.

\*\*\* The Magna Carta display is included in this group.

#### Oil Paintings and Frames

Type of Heritage Asset	Number on 10/01/03	Number on 9/30/04	Change	General Condition
Rotunda Paintings*	8	8	–	good
Portraits	20	20	–	good
Possibly Joint Portraits	23	23	–	good
Landscapes, Scenes, etc.	5	5	–	good
Possibly Joint Paintings	24	24	–	good

\* Rotunda frames conservation is in progress but will not be completed until 2006. Multi-year funds used for this project include the contract for the scaffold.

we catalogued and conserved them. They are currently being cared for by the House Curator under the Clerk of the House.

Oil paintings that we care for include the eight large paintings in the Rotunda, the collection of portraits of the Architects of the Capitol, and other paintings within the office of the Architect.

### C. Works on Paper (prints, watercolors, and drawings)

The major collection of prints on paper, the Conable Collection, and other prints accepted by the House Fine Arts Board are now being cared for by the House Curator. We have a small number of works on paper that are used primarily for research purposes.

## DECORATIVE ART

*Decorative art* includes objects such as gilded mirror frames, historic furniture, clocks, and textiles. 2004 was a rare year in that no overmantel frames were conserved. We have focused attention on a large project to conserve the frames in the Rotunda. In addition to the overmantel mirror frames, there are a small number of other gilded objects.

## ARCHITECTURAL FINE ART

*Architectural fine art* is art that is part of the fabric of a structure or permanently attached to the structure or building systems.

Decorative Art				
Type of Heritage Asset	Number on 10/01/03	Number on 9/30/04	Change	General Condition
Gilded Mirror Frames	approx. 80	approx. 80	–	fair to good
Historic Furniture	approx. 35	approx. 35	–	fair to good
Antique Clocks	15	15	–	fair to good
Textiles	2	2	–	fair to good

Architectural Fine Art				
Type of Heritage Asset	Number on 10/01/03	Number on 9/30/04	Change	General Condition
Statues	7	7	–	good
Reliefs	32	32	–	fair
Plaster Models of Sculpture	35	35	–	good
Architectural Models	5	5	–	good
Rooms or Spaces with Fine Art Murals*	78	78	–	fair to good
Rooms or Spaces with Decorative Murals**	51	51	–	fair to good
Bronze Doors	4	4	–	good
Pediments	3	3	–	poor to fair
Plaques	27	27	–	fair
Sculpted Bronze Railings	4	4	–	good
Stained Glass Windows	15	15	–	good

\* Each room or space may contain multiple sections with individual mural scenes, figures, etc.

\*\* In addition, there are approximately 30 rooms with recent decorative stenciling, etc. that are not counted among the heritage assets.

## ARCHITECTURAL DECORATIVE ARTS

*Architectural decorative arts* are objects that are part of the fabric of a structure or permanently attached to the structure or building systems. A portion of the chandeliers and sconces, perhaps one-third, would be considered historic. Many have been purchased since 1960.

## ARCHITECTURAL FEATURES

Historic *architectural features* include woodwork, shutters, columns, capitals, brackets, historic floors (such as the Minton tile floors in the Capitol), and special architectural surfaces (such as marble and scagliola). They are maintained by the Capitol Superintendent. There is no count of these features available, although some of them may be included in various condition surveys, but the numbers are large. For example, there are at least 450 interior columns and pilasters with carved capitals. We have focused in recent years on the restoration of the historic scagliola, a faux marble installed in the 1850s.

### A. Bronze Fixtures (*within Capitol Square*)

The bronze fixtures include light fixtures and urns. The large planter/fountains and light fixtures from the East Front are being restored as part of the Capitol Visitor Center construction. Our Curator has played an advisory role.

### B. Architectural Artifacts

Small architectural and engineering artifacts are inventoried and stored by the Curator for possible research or exhibition purposes.

Large artifacts, such as pieces of stone removed from buildings, plaster models, etc., have been inventoried and are stored in two locations at Fort Meade, Maryland. Some of the stone has been saved for possible reuse for repairs. Sculpture and stone removed from the East Front during its extension in 1958 are currently at a Smithsonian storage area.

### C. Outdoor Sculpture and Fountains

We are responsible to care for the outdoor sculptures and fountains on the Capitol grounds.

Architectural Decorative Arts				
Type of Heritage Asset	Number on 10/01/03	Number on 9/30/04	Change	General Condition
Mantels	149	149	–	good
Chandeliers	approx. 480	approx. 480	–	fair to good
Sconces	approx. 240	approx. 240	–	fair to good

Bronze Fixtures				
Type of Heritage Asset	Number on 10/01/03	Number on 9/30/04	Change	General Condition
Light Fixtures	166	166	–	not assessed
Urns	20	20	–	not assessed

Outdoor Sculpture and Fountains				
Type of Heritage Asset	Number on 10/01/03	Number on 9/30/04	Change	General Condition
Monuments/Statues	3	3	–	good
Fountains with Sculpture	4	4	–	poor to fair

## ARCHIVES AND OTHER RECORDS

Our **Records Management Branch** acquires architectural drawings, engineering drawings, and textual records by approved records schedules developed by the branch, archival appraisal, and records surveys. Branch personnel arrange 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. Drawings are stored flat in horizontal drawing cases in acid-free folders. The necessary security is provided as well as stable temperature and humidity conditions to preserve these records indefinitely. Additionally, we maintain microfilm and digital scans for many of the drawings.

### *A. Architectural and Engineering Drawings*

Beginning with plans for the construction of the Capitol in the early 1800s, with primary holdings from the 1850s on, the architectural and engineering drawings contain a wide range of subjects and formats—from pencil renderings of architectural details, to finely detailed ink and watercolor “working” drawings, to polished presentation pieces, to blueprints, to modern Computer Aided Design (CAD) drawings. The architectural and engineering drawings are vital for current construction and maintenance projects as well as for historical research. The specifications and files on previous projects aid in the planning and development of new projects.

Approximately 100,000 to 150,000 architectural and engineering drawings are stored in our Records Center and Archives. Approximately 50% of these drawings have been arranged, indexed, and assigned a control number. Most of the remainder are properly stored in drawing cabinets sorted by building, awaiting indexing and verification that they are not duplicates. Some drawings have been received rolled up and still require preservation work. Therefore, no exact total number of drawings can be provided at this time. During 2004, a total of 11,497 drawings were transferred to the Records Center and Archives for archival storage.

Drawings are scanned, described, and computer-indexed to facilitate the retrieval of documents.

Microfilm is produced from the scanned images.

To further enhance document retrieval, the scanned images are linked to the descriptive information in an electronic text database. Textual records are described in accession records, finding aids, and guides. Boxes and folders are labeled and stored according to record groups. During 2004, 4,302 documents were computer-indexed and 7,460 documents were scanned and linked to the text information in the drawing database.

Basic preservation and conservation of drawings is performed by our archival staff who work in the Records Management Branch. Specialized work on fragile and historic drawings may be performed under contract. During 2004, a contracting conservator repaired two 1860s Thomas U. Walter drawings of the U.S. Capitol Dome.

### *B. Construction and Administrative Textual Records*

Our Records Center maintains administrative and project records that document the history of the AOC as well as the construction history of the U.S. Capitol complex. These holdings date from the Capitol Extension project in the 1850s and continue through to the present day. Of special value are the manuscript collection and the Architects’ letter books, some of which date back to the 1850s. As of 2004, the Records Center maintained approximately 4,235 boxes of records.

### *C. Photographs*

Our **Photography Branch** is responsible for producing photographs relating to architectural design, construction, and restoration of the Capitol and the related buildings. Ceremonial events and works of art and their restoration are also photographed. In addition, this branch produces graphic slides and videotape for Agency use and for public educational programs. A major function of this branch is the preservation and maintenance of a photographic archive dating back to the 1850s. The collection contains over 200,000 images in various media that document the construction of, and the changes to, the historic buildings under our jurisdiction. A computerized catalog of photographs is now a fully operational resource tool available to members of the Architect’s staff who need to locate photographs of past projects and events. A negative preservation program included the archival storage of negatives and the copying of glass plates onto film



Detail of Architectural Drawing

AOC Electricians Installing Chandelier

Conserved Panels in Brumidi Corridors

Top Panel of the Rotunda Doors

negatives. Most of the original negatives are now stored at a secure off-site location with stable temperature and humidity to ensure their long-term preservation. Digital files are systematically backed-up and copied.

At the end of 2004, the photographic records of the Architect of the Capitol included 136,522 images catalogued in the database, including approximately 4,000 glass plates created from 1856 to 1920, approximately 300,000 film negatives, and 50,000 digital images, the last number growing daily. In addition, the archives include approximately 300,000 prints.

*D. Art and Reference Files and Reference Library*

Records are kept on major ceremonies, such as joint sessions of Congress and inaugurations. Conservation reports and studies are growing in number and importance each year. The files are the historical records used to answer questions from Members of Congress and the public and also for fact sheets and publications. The United States Capitol Historical Society Fellowship, managed by the Curator, adds each year to the knowledge of the art and architecture of the Capitol complex.

**Art and Reference Files and Reference Library**

Type of Heritage Asset	Number on 10/01/03	Number on 9/30/04	Change	General Condition
Architectural and Engineering Drawings	approx. 140,000	approx. 150,000	11,497	fair
Manuscripts and Other Textual Records	approx. 4,000 boxes	approx. 4,235 boxes	235	fair
Small Architectural Models*				poor to fair
Photographs**	122,425	136,522	14,097	good
Art and Reference Files	108 drawers	108 drawers	-	fair
Art and Reference Library (published volumes)***	approx. 3,000 volumes	approx. 2,000 volumes	(1,000)	fair
Conservation Reports (in notebooks)	168	170	2	good

\* There are fewer than 20 architectural models in varying conditions in storage that need to be appraised and inventoried, if deemed worthy of permanent retention.

\*\* In addition, there are 36,135 photographs produced by remote construction cameras that are not in the database. The film negatives and transparencies are properly stored in archival sleeves and the majority of them are now stored off-site in secured and stable conditions, along with microfilm of architectural and engineering drawings and textual records.

\*\*\* The size of the reference library was reduced due to the loss of one room. Volumes not directly related to the Capitol or the functions of the AOC were transferred to other government institutions, such as the Library of Congress.

## Living Collections (Rare and Historic Trees and Plants)

### 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 may be 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 by 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 Park.
- Plants used in ongoing educational programming.
- Plants needed to support future exhibits or educational programming and whose quality or relative unavailability in the commercial trade justifies inclusion in the permanent collections.
- 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 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 to trial for performance and local conditions.

Plants are used for exhibition, study, and exchange with other institutions. The Garden's noteworthy collections include economic plants, medicinal plants, orchids, cacti and succulents, bromeliads, cycads, and ferns. The USBG orchid collection accounts for approximately 28% of the living collection.

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. The 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.

In 2004, 70 accessions were donated. A total of 35,500 plants (6,512 unique taxa) were being cared for at the end of the year, an increase from 30,242 (6,427 unique taxa) at the beginning of the year. More than 1,500 plants (about 5% of the living accessions) in the Botanic Garden collection are listed as rare, endangered, or in another category of conservation concern. Many of these plants have been received through the USBG's participation in the CITES rescue program.

### CAPITOL GROUNDS

The entire landscape within Capitol Square was designed and supervised by Frederick Law Olmsted, America's most prominent twentieth-century landscape architect. Begun in 1874, Olmsted's design for Capitol Hill is of national significance and was one of his most important public projects during his

#### Botanic Garden

Type of Plant	Number on 10/01/03	Number on 9/30/04	Change	General Condition
Living Taxa	6,427	6,512	85	Good
Orchids	1,731	1,817	86	Good
All Plants	30,242	35,500	5,258	Good



distinguished career. The design was implemented over many years and included involvement by his son in the early part of the twentieth century.

The Capitol Grounds Division is responsible for the ongoing maintenance of the Olmsted design, which includes hardscape components such as roads, sidewalks, terraces, garden structures, walls, fountains, statuary elements, and the living features of the landscape, including many historic, memorial, and commemorative trees. Other features of historic or cultural value, such as the Senate Fountain and Taft Memorial, are located throughout the remaining grounds adjoining Capitol Square.

A hazardous tree assessment was completed across the Capitol campus in 2003 and has been a guide in managing maintenance practices. The vast majority of arboricultural work is completed by our in-house tree surgeon staff, which includes several certified arborists. Important historic trees greater than 75 years of age that are found to be in decline, are propagated through assistance from the Botanic Garden for future replacement. Additionally, trees of all species, when found to be in decline, are replaced throughout the campus “in kind” to maintain the integrity of the Olmsted design.

Stone walls and other historic stone features are maintained by in-house staff, but in general a large amount is deferred maintenance. Examples of historic stone features include garden structures such as the summerhouse with its grotto, original Olmsted walls having sandstone reliefs, the Robert Taft Memorial and the Senate and House fountains. Many of the stone structures suffer from deteriorated mortar joints as well as chipped and damaged stone from equipment and vehicle impacts related to special events activity. Other historic features include bronze statues, urns, and light fixtures, which show surface deterioration from weathering and physical damage. A condition assessment of historic features is planned and will list specific restoration work.

### *Inventory of Cultural Assets*

The Olmsted design for Capitol Square consists of approximately 56 acres including an estimated 900 trees and 2,500 shrubs. There are about 150 trees deemed to be historic in nature, with approximately

165 additional memorial and commemorative trees located across the campus.

Structures include the following:

- the summerhouse and the grotto (1890)
- Olmsted walls and walls with relief, drinking fountain (1890)
- two trolley stands (1900)
- West Front terraces and fountain (1890)
- bronze urns, planters, statues, plaques, and lighting fixtures (included under previous section A. *Bronze Fixtures*)
- Senate Fountains (1930)
- Taft Memorial (1959)

## *A MESSAGE from* THE AUDIT COMMITTEE

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

As part of its responsibilities, the Committee meets with 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 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 AOC's management, which has primary responsibility for the report.

We met four times from September 2004 through July 2005 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 AOC Chief Financial and Accounting Officers. Management proposed, and the Committee concurred, that the second-year audit again be of the balance sheet only, but with a comparative instead of a single-year presentation. We also concurred with management's decision to defer a request for the external auditor to provide an opinion on internal control in the second year of audit.

At the start of the 2004 balance sheet audit, we discussed the overall scope of work and the audit plans of the external auditors and the AOC Inspector General. Our discussion included Kearney & Company's performance of additional field work to prepare for the likely full

financial statement audit in subsequent fiscal years. The Committee discussed the progress of the audit and ensured independence and objectivity in the audit process. We reviewed the AOC's Inspector General's audit plan and evaluated the status of prior year audit findings.



For ratification of unauthorized commitments, we reviewed the auditor's finding and AOC's policy and discussed with the Architect ways to strengthen controls and clarify responsibilities. We also discussed with the Architect the long-term staffing requirements for new financial management workloads and offered several suggestions to help ensure that a foundation of skilled financial staff exists to continue improvement initiatives.

On the basis of the procedures performed as outlined above, we recommend that AOC's audited balance sheets and notes to the balance sheets be included in its 2004 Accountability Report.

A handwritten signature in blue ink that reads "Michael J. Riley". The signature is written in a cursive style and is positioned above a faint, light-colored rectangular box.

Michael J. Riley  
Chairman, Audit Committee  
December 19, 2005

# INDEPENDENT AUDITOR'S REPORT



*Certified Public Accountants  
and Consultants*

To the Architect of the Capitol:

We have audited the accompanying balance sheets of the Architect of the Capitol as of September 30, 2004 and 2003. The balance sheets are the responsibility of the Architect of the Capitol's management. Our responsibility is to express an opinion on the balance sheets based on our audit.

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. 01-02, *Audit Requirements for Federal Financial Statements*, as amended. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheets are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheets. 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 balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the September 30, 2004 and 2003 balance sheets referred to above present fairly, in all material respects, the financial position of the Architect of the Capitol as of September 30, 2004 and 2003, respectively, 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 May 26, 2005, on our consideration of the Architect of the Capitol's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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.

May 26, 2005  
Alexandria, VA

# GLOSSARY of ABBREVIATIONS and ACRONYMS

## A

<b>ADA</b>	Americans with Disabilities Act
<b>A-E</b>	Architect-Engineer
<b>AICPA</b>	American Institute of Certified Public Accountants
<b>AOC</b>	Office of the Architect of the Capitol
<b>AR</b>	Accountability Report

## C

<b>CAA</b>	Congressional Accountability Act
<b>CAD</b>	Computer Aided Design
<b>CAFM</b>	Computer Aided Facilities Management
<b>CCMP</b>	Capitol Complex Master Plan
<b>CERCLA</b>	Comprehensive and Environmental Response, Compensation and Liability Act
<b>CFO</b>	Chief Financial Officer
<b>CGFM</b>	Certified Government Financial Manager
<b>CIP</b>	Capital Improvements Plan
<b>CITES</b>	Convention on International Trade in Endangered Species of Flora and Fauna
<b>CMD</b>	Construction Management Division
<b>COO</b>	Chief Operating Officer
<b>CPA</b>	Certified Public Accountant
<b>CSRDF</b>	Civil Service Retirement and Disability Fund
<b>CSRS</b>	Civil Service Retirement System
<b>CVC</b>	Capitol Visitor Center
<b>CWIP</b>	Construction Work-in-Progress

## D

<b>DOL</b>	Department of Labor
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## F

<b>FAIA</b>	Fellow of the American Institute of Architects
<b>FASAB</b>	Federal Accounting Standards Advisory Board
<b>FBI</b>	Federal Bureau of Investigation
<b>FCA</b>	Facility Condition Assessment
<b>FECA</b>	Federal Employees' Compensation Act
<b>FERS</b>	Federal Employees' Retirement System
<b>FGGM</b>	Fort George G. Meade Army Base
<b>FTE</b>	Full-time Equivalent

## H

<b>HR</b>	Human Resources
<b>HVAC</b>	Heating, Ventilation, and Air-conditioning

## G

<b>G&amp;A</b>	General and Administrative
<b>GAAP</b>	U.S. Generally Accepted Accounting Principles
<b>GAO</b>	U.S. Government Accountability Office
<b>GSA</b>	General Services Administration

## I

<b>IDIQ</b>	Indefinite Delivery, Indefinite Quantity
<b>I&amp;I</b>	Injury and Illness
<b>IT</b>	Information Technology

## L

<b>LLP</b>	Limited Liability Partnership
<b>LOC</b>	Library of Congress

## N

<b>NFC</b>	National Finance Center
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## P

<b>PAR</b>	Performance and Accountability Report
<b>PC</b>	Professional Corporation
<b>PL</b>	Public Law

## S

<b>SFFAS</b>	Statement of Federal Financial Accounting Standard
<b>SPAWAR</b>	Space and Naval Warfare Systems Command

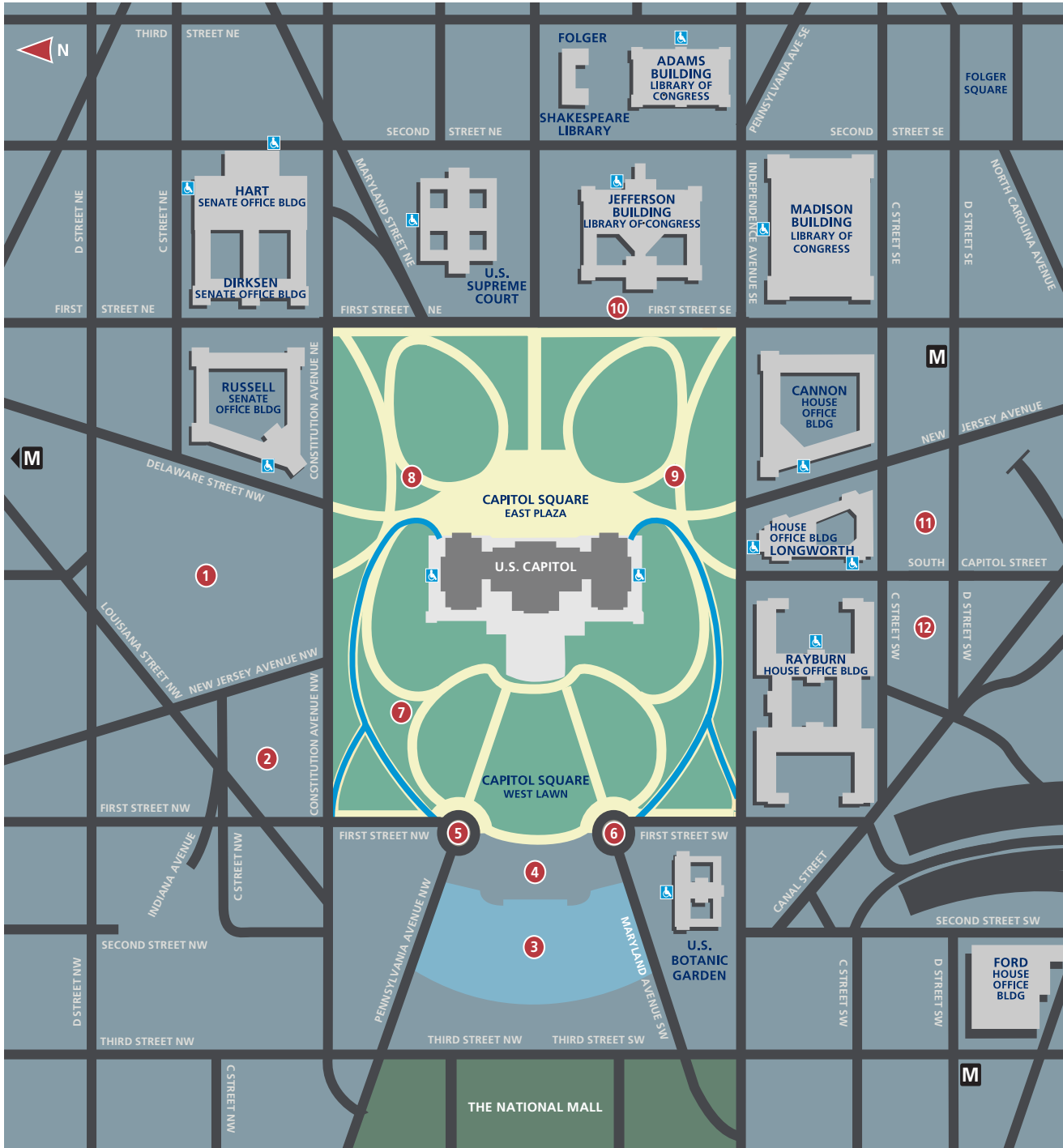
## T

<b>T&amp;A</b>	Time and Attendance
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## U

<b>USBG</b>	United States Botanic Garden
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# MAP



## Key

-  Capitol Square
-  Accessible Path
-  Accessible Entrance

## Points of Interest

- |   |  |  |  |
|---|--|--|--|
|  Fountain        |  Ulysses S. Grant Statue  |  Summerhouse (Grotto) |  Library of Congress Fountain |
|  Taft Memorial   |  Peace Monument           |  Streetcar Shelter    |  House Gardens                |
|  Reflecting Pool |  James A. Garfield Statue |  Streetcar Shelter    |  House Gardens                |

## ADDITIONAL RESOURCES

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### SENIOR MANAGEMENT TEAM

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*Architect of the Capitol*

Richard McSeveney  
*Chief Operating Officer*

Hector Suarez  
*Deputy Chief of Staff*

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*Chief of Staff*

Gary Glovinsky  
*Chief Financial Officer*

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*General Counsel*

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We welcome your comments on this report. You may contact us at (202) 228-1793.

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### AOC ON THE INTERNET

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[www.aoc.gov](http://www.aoc.gov)

**Botanic Garden**  
[www.usbg.gov](http://www.usbg.gov)

**Capitol Flags**  
[www.capitolflags.gov](http://www.capitolflags.gov)

### *AOC Campus Web Sites*

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[www.loc.gov](http://www.loc.gov)

**The U.S. House of Representatives**  
[www.house.gov](http://www.house.gov)

**The U.S. Senate**  
[www.senate.gov](http://www.senate.gov)

**The Supreme Court of the United States**  
[www.supremecourtus.gov](http://www.supremecourtus.gov)

**U.S. Capitol Police**  
[www.uscapitolpolice.gov](http://www.uscapitolpolice.gov)

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