United States House *of* Representatives Financial Audit Report 2015

Audit *of the* Financial Statements
for the Fiscal Year Ended September 30, 2015

April 26, 2016 | *Report No. 16-HSW-04*

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TABLE OF CONTENTS

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ANNUAL FINANCIAL STATEMENTS
FISCAL YEAR 2015

SUMMARY

This report presents the audited Annual Financial Statements of the U.S. House of Representatives (House) for the fiscal years ended September 30, 2015 and 2014. We contracted with Cotton and Company LLP, a certified public accounting firm, to perform an audit of the House's financial statements, and to report on internal control over financial reporting and on any reportable noncompliance with tested laws and regulations. The contract required that the audit be performed in accordance with auditing standards generally accepted in the United States of America.

For the eighteenth consecutive year, the independent auditors expressed an unmodified opinion on the House's financial statements, a noteworthy accomplishment for the House. An unmodified opinion means that the financial statements present fairly, in all material respects, the financial position and the results of the entity's operations in conformity with U.S. generally accepted accounting principles.

Cotton and Company LLP closed the prior year significant deficiency related to ineffective controls over financial reporting processes. However, the independent auditors reported two significant deficiencies[1] relating to ineffective controls over information technology and property and equipment. Management concurred with the auditor's report and continues to implement corrective actions related to the outstanding issues.

The auditors identified no instances of non-compliance with applicable laws and regulations.

Cotton and Company LLP is responsible for the attached auditor's report dated March 30, 2016 and the conclusions expressed therein. The Office of Inspector General does not express an opinion on the House's financial statements, the effectiveness of internal control over financial reporting, or conclusions on compliance with laws and regulations.

We would like to thank House management and staff for their assistance and cooperation during the course of this audit.

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[1] A significant deficiency is a deficiency, or a combination of deficiencies, in internal control, that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Management's Discussion *and* Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS FISCAL YEAR 2015

Introduction

Management's Discussion and Analysis (MDA) provides a high level overview of the origin and mission of the U.S. House of Representatives (House). Fiscal Year (FY) 2015 (October 1, 2014 – September 30, 2015) coincided with sessions of the 113th and 114th U.S. Congresses.

Origin, History, and Mission

The House is one of two legislative chambers that comprise the Congress of the United States (the other is the U.S. Senate). Article I, Section 1 of the Constitution, adopted by the Constitutional Convention on September 17, 1787, created and vested all legislative powers to the Congress.

Location, Size, and Organization

The House chamber is located in the U.S. Capitol in Washington, D.C. Other House administrative buildings in Washington, D.C. include the Cannon, Longworth, Rayburn and Ford House Office Buildings; and the O'Neill Federal Building.

Law fixes the number of voting representatives in the House at no more than 435, proportionally representing the population of the 50 states. Also referred to as a congressman or congresswoman, each representative is elected to a two-year term serving the people of a specific congressional district. Among other duties, representatives introduce bills and resolutions, offer amendments and serve on committees. To be elected, a representative must be at least 25 years old, a United States citizen for at least seven years and an inhabitant of the state he or she represents.

Article 1, Section 2 of the Constitution provides for both the minimum and maximum sizes for the House of Representatives. Currently, there are five delegates representing the District of Columbia, the Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. A resident commissioner represents Puerto Rico. The delegates and resident commissioner possess the same powers as other members of the House, except that they may not vote when the House is meeting as the House of Representatives.

The Rules of the House, adopted at the beginning of each new Congress, allow for the creation of standing and special and select committees. The Committees of the House under the 113th and 114th Congresses are:

Committee on Agriculture
Committee on Appropriations
Committee on Armed Services
Committee on the Budget
Committee on Education and the Workforce
Committee on Energy and Commerce
Committee on Ethics
Committee on Financial Services
Committee on Foreign Affairs
Committee on Homeland Security
Committee on House Administration
Committee on the Judiciary
Committee on Natural Resources
Committee on Oversight and Government Reform
Committee on Rules
Committee on Science, Space, and Technology
Committee on Small Business
Committee on Transportation and Infrastructure
Committee on Veterans' Affairs
Committee on Ways and Means
Permanent Select Committee on Intelligence
Select Committee on Benghazi

The joint committees are: the Joint Economic Committee, the Joint Committee on the Library, the Joint Committee on Printing and the Joint Committee on Taxation.

House Leadership

Article I, Section 2 of the Constitution states, "The House of Representatives shall chuse (sic) their Speaker and other officers." In addition to the Speaker, each political party in the House has a leadership hierarchy, typically including a Majority Leader, Minority Leader, Majority Whip, and Minority Whip.

House Officers and Organizations

Rule II of the Rules of the House for the 113th and 114th Congresses provided for the election of four officers to support House operations: a Clerk, a Sergeant at Arms, a Chief Administrative Officer and a Chaplain. The Rules of the House also established the Offices of Inspector General, Historian and General Counsel.

Under House Rule II, the Chief Administrative Officer has "operational and financial responsibility for functions as assigned by the Committee on House Administration and shall be subject to the policy direction and oversight of the Committee on House Administration." According to Committee on House Administration records, the Chief Administrative Office has been designated as the disbursing officer for the House of Representatives since July 1, 1995. Additionally, House Rule II requires the Chief Administrative Officer to "fully cooperate with the appropriate offices and persons in the performance of reviews and audits of financial records and administrative operations." Accordingly, an audit of the financial statements of the House, as prepared by the Chief Administrative Officer, is performed annually.

FINANCIAL STATEMENT HIGHLIGHTS

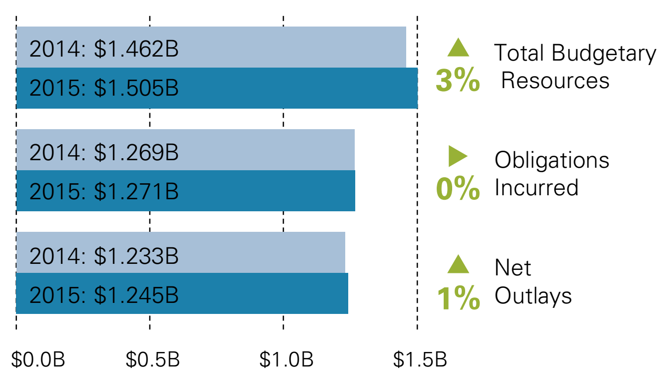
Basis of Accounting and Presentation

The FY 2015 financial statements present the financial position, net cost of operations, changes in net position and budgetary resources of the House. These statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) issued by the Federal Accounting Standards Advisory Board (FASAB) and the applicable form and content requirements of the Office of Management and Budget's (OMB) Circular No. A-136, *Financial Reporting Requirements*.

The House's accounting structure, in accordance with GAAP, utilizes both accrual and budgetary accounting. Under accrual accounting, events are recognized as they occur, as opposed to when cash is received or disbursed. Therefore, revenues are recorded when earned and expenses are recorded when a liability is incurred, without regard to receipt or payment of cash. The budgetary accounting, on the other hand, facilitates compliance with legal constraints on, and controls over, the use of Federal funds. As a result, certain line items on the proprietary financial statements may not equal similar line items on the budgetary financial statements.

Budgetary Resources

The House finances most of its operations through congressional appropriations of budget authority. To the extent that revenue generated by some House activities does not cover expenses, appropriations are required. The House receives annual, multi-year and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures. A financing source is recognized for these appropriated funds received, less appropriations transferred or not available through rescission or cancellation. The House usually receives the full amount of its appropriation at the beginning of each fiscal year as stated in the public law. The House reported total budgetary resources for FY 2015 of $1.5 billion, up 3 percent from FY 2014. The House reported $87 million of total unpaid obligated balances as of September 30, 2015.



Obligations Incurred increased by $2 million in FY 2015. Net Outlays increased by $12 million in FY 2015.

Balance Sheet

Condensed Balance Sheet Data

Dollars in Millions	2015	2014	% Change
Fund Balance with Treasury	$320	$279	15%
Property and Equipment, Net	24	19	26%
Other Assets	12	6	100%
Total Assets	$356	$304	17%
Accounts Payable	24	28	-14%
Actuarial Federal Employees' Compensation Act Liabilities	32	35	-9%
Other Liabilities	20	17	18%
Total Liabilities	$76	$80	-5%
Unexpended Appropriations	263	217	21%
Cumulative Results of Operations	17	7	143%
Total Net Position	$280	$224	25%
Total Liabilities and Net Position	$356	$304	17%

Total Assets – The House reported total assets of $356 million as of September 30, 2015, a 17 percent increase from prior year total assets of $304 million. The Fund Balance with Treasury (FBwT) of $320 million represents the primary asset on the Balance Sheet of the House (90 percent of total assets). The net increase to FBwT of approximately $41 million is due to overall spending for FY 2015 being approximately $55 million less than the total House appropriation received of approximately $1.3 billion; and funds returned through surplus warrants to the U.S. Treasury. The House typically does not spend its entire appropriation in the first year as funds are available for spending over a three year period from the time received.

Property and Equipment is the second largest asset, with a net balance of $24 million. The major items in this category include computer software and hardware, and equipment. The net increase of approximately $5 million can be attributed to $17 million in new asset purchases offset by $12 million in net disposals and depreciation.

Other Assets include Cash, Accounts Receivable, Inventory and Operating Materials and Supplies, and Advances and Prepayments. The majority of the increase in Other Assets is primarily due to Prepayments.

Total Liabilities – The House reported total liabilities of $76 million as of September 30, 2015, a 5 percent decrease from the prior year total of $80 million. The primary categories include Accounts Payable of $24 million (32 percent of total liabilities) and Actuarial Federal Employees' Compensation Act (FECA) Liabilities of $32 million (42 percent of total liabilities). Accounts Payable is an estimate and decreased by 14 percent as the result of an analysis of spending trends in historical data and the first two months' financial activity of the subsequent FY. Actuarial FECA Liabilities decreased due to an overall decrease in Workers' Compensation expenses.

Other Liabilities include categories such as Accrued Payroll and Benefits, Accrued Annual Leave, Advances from Others and Other Liabilities. Workers' Compensation is a part of Other Liabilities and represents the most significant portion of the overall 18 percent increase. This increase was the result of the timing of the payment of the accrued liability between FY 2014 and FY 2015.

Total Net Position – The Net Position as of September 30, 2015 was $280 million, an increase of $56 million (25 percent) from the prior fiscal year. The balance was primarily comprised of Unexpended Appropriations of $263 million. The increase in Unexpended Appropriations is due to a combination of spending being $55 million less than appropriations received offset by $9 million of funds returned through surplus warrants to the U.S. Treasury.

Statement of Net Cost

Net Cost of Operations – The Net Cost of Operations for FY 2015 was $1.5 billion, a 1 percent decrease from FY 2014, primarily comprised of Legislative Activities.

Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of the entity. While the statements have been prepared from the books and records of the House in accordance with GAAP for federal entities and in the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources that are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

Ed Cassidy
Chief Administrative Officer

Office of the
Chief Administrative Officer
U.S. House of Representatives
Washington, DC 20515–6860

December 23, 2015

MANAGEMENT ASSURANCES

Fiscal Year 2015 Statement of Assurance On Internal Control over Financial Reporting

The Office of the Chief Administrative Officer (CAO) is responsible for establishing and maintaining effective internal control over financial reporting that meets of the objectives of the Federal Managers' Financial Integrity Act (FMFIA) and Office of Management and Budget (OMB) Circular A-123, *Management's Responsibilities for Internal Control*. The CAO conducted its assessment of the CAO's internal control over financial reporting in accordance with the intent of Appendix A of OMB Circular A-123. Based on the results of this evaluation, the CAO is able to provide reasonable assurance that its internal control over financial reporting as of June 30, 2015 was operating effectively and no material weaknesses were found in the design or operation of the internal control over financial reporting.

The CAO continued to note a significant deficiency over the property and equipment asset process as of June 30, 2015. As of September 30, 2015, corrective actions had been implemented that begin remediation of the condition as a significant deficiency. While the House reports no material weaknesses related to financial reporting as a result of the above internal control evaluations, the CAO continues its work to address management priorities. These priorities are represented in important strategic management efforts of the CAO in its support to the House in accomplishing its legislative and oversight mission.

Ed Cassidy
Chief Administrative Officer

Internal Control Assessment
OMB Circular A-123, Appendix A Review

The Internal Control Assessment is a review of the design and operating effectiveness of key internal control activities for the CAO's business processes, for safeguarding of assets, and for compliance with applicable laws and regulations. The Program follows a risk-based approach in determining the key controls to be assessed during the current year in accordance with Appendix A of OMB Circular A-123, *Management's Responsibility for Internal Control*.

Under Rule II of the Rules of the U.S. House of Representatives (the House) for the 113th Congress, as amended, the CAO has "operational and financial responsibility for functions as assigned by the Committee on House Administration." The Rule further requires the CAO to "fully cooperate with the appropriate offices and persons in performance of reviews and audits of financial records and administrative operations."

A Senior Assessment Team (SAT) exists to provide senior management oversight for assessment of internal controls over financial reporting as they relate to budgetary and financial policies, standard operating procedures and business systems. The SAT has held meetings, as needed, to report on the findings and status to date, and discuss remediation efforts. The Internal Controls Program supports the SAT in performing the day-to-day functions of the program.

The SAT assessed and evaluated the CAO's compliance with Appendix A of OMB Circular A-123 requirements as of June 30, 2015, and determined that as of September 30, 2015 the deficiencies related to property, plant, and equipment identified continued to be significant. As of June 30, 2015, the internal controls over financial reporting were operating effectively.

Office of the Inspector General (OIG) Assessment for Previous Fiscal Year

Under House Rule II of the House for the 113th Congress, the Office of the Inspector General (OIG) provides "audit, investigative, and advisory services to the House and joint entities in a manner consistent with government-wide standards." For FY 2014, the OIG engaged Cotton & Company LLP to perform the external audit of the House's financial statements. The House received an unmodified audit opinion. Cotton & Company LLP did not report any material weakness in FY 2014. The audit report noted three significant deficiencies related to ineffective controls over property and equipment, the financial reporting process, and information technology. Cotton & Company LLP remains the financial statements auditor for FY 2015.

Table 1 – Summary of the Financial Statement Audit for FY 2015

Independent Auditor's Report						
Audit Opinion	**Unmodified**					
Restatement	No					
Name of Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0

Table 2 – FY 2015 Summary of Management Assurances

Effectiveness of Internal Control over Financial Reporting (FMFIA §2)						
Statement of Assurance	**Unqualified**					
Name of Material Weakness	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
None	0	0	0	0	0	0

Independent Auditor's Report

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INDEPENDENT AUDITORS' REPORT

To the Inspector General
U.S. House of Representatives

In our audits of the fiscal years (FY) 2015 and 2014 financial statements of the U.S. House of Representatives (House), we found:

- The financial statements as of and for the FYs ended September 30, 2015 and 2014, are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.
- No material weaknesses in internal control over financial reporting as of September 30, 2015.
- Two significant deficiencies in internal control over financial reporting as of September 30, 2015.
- No reportable noncompliance in FY 2015 with the provisions of applicable laws, regulations, and contracts that we tested.

The following sections contain:

1. Our report on the House financial statements, including required supplementary information and other information included with the financial statements.
2. Other reporting required by *Government Auditing Standards*, which includes: a) our report on the House's internal control over financial reporting; b) our conclusions on the House's compliance with laws, regulations, and contracts; and c) the House's comments on a draft of this report.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated balance sheets of the House as of September 30, 2015 and 2014, and the related consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the financial statements.

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

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; standards applicable to financial statement audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and as applicable, Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the House as of September 30, 2015 and 2014, and its consolidated net cost, consolidated changes in net position, and combined budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America, and as applicable, OMB Circular No. A-136, *Financial Reporting Requirements,* require that the Management's Discussion and Analysis and other required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board (FASAB) and OMB, who consider it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Schedules of Spending for the FYs ended September 30, 2015 and 2014, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to auditing procedures and, accordingly, we do not express an opinion or provide any assurance on it.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Report on Internal Control and on Compliance

Internal Control Over Financial Reporting
In planning and performing our audit of the FY 2015 financial statements, we considered the House's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the House's internal control. Accordingly, we do not express an opinion on the effectiveness of the House's internal control.

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

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

Significant Deficiencies
We identified the following deficiencies in the House's internal control that we consider to be significant deficiencies:

1. Ineffective Control Over Property and Equipment
2. Ineffective Control Over Information Technology

These deficiencies in internal control are described in more detail in Appendix A.

Limitations of Internal Control
Because of inherent limitations in internal control, misstatements due to error or fraud, losses, or noncompliance may nevertheless occur and not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with controls may deteriorate.

Compliance with Laws, Regulations, and Contracts
As part of obtaining reasonable assurance about whether the House's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We did not test compliance with all laws and regulations applicable to the House. We limited our tests of compliance to those provisions of laws and regulations OMB audit guidance requires that we test and we deemed applicable to the financial statements for the FY ended September 30, 2015. We caution that noncompliance may have occurred and may not have been detected by these tests, and that such testing may not be sufficient for other purposes. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB audits.

House's Response to Findings
The House's response to the findings identified in our audit is included in Appendix B. The House concurred with the findings and recommendations in our report. The House's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of the Other Reporting Required by Government Auditing Standards
The purpose of this communication regarding other reporting required by *Government Auditing Standards* is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This communication is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

COTTON & COMPANY LLP

Catherine L. Nocera

Catherine L. Nocera, CPA, CISA
Partner
Alexandria, VA
March 30, 2016

Appendix A
Significant Deficiencies Noted During the FY 2015 Financial Statement Audit

During our audit of the House's FY 2015 financial statements, we identified two significant deficiencies in internal control, described in this appendix. We do not consider these deficiencies to be material weaknesses.

Finding 1: **Ineffective Controls Over Property and Equipment**
Summary Status: **Prior-Year Significant Deficiency**
Open

The House's property and equipment (property) records are not always accurate, and property included in account balances may not exist. In addition, the House's procedures for conducting physical inventories of Office of the Chief Administrative Officer (CAO) property do not include inventories of software items.

In response to prior-year recommendations regarding internal control deficiencies over property, the House has begun to implement corrective actions; however, it requires additional time to design and implement an effective system of internal control over property. Specifically, the CAO accomplished the following during FY 2015:

- The House established a formalized governance structure that included appointing a Chief Logistics Officer, who reports to the CAO, and established the Office of Asset Management (OAM) to develop, execute, and manage all processes related to the property life cycle. OAM is responsible for the design and operating effectiveness of the House's property management procedures, and for compliance with accounting standards, property laws and regulations, and House policies.
- OAM updated business process maps and assessed operational capabilities for the various processes within the property life cycle. In addition, during the fourth quarter of FY 2015, OAM had implemented some changes to the disposal process. As of September 30, 2015, however, OAM had not fully designed, implemented, documented, and tested all of the standard operating procedures, and it does not plan to complete full implementation until the end of FY 2016.
- For the second consecutive year, during FY 2015, CAO contracted with a third-party vendor to perform a physical inventory of accountable and capitalized property assigned to the CAO's office. The number of missing items (i.e., items not found during the FY 2015 inventory) decreased significantly from FY 2014, as shown below; however, we noted that software was not included in the scope of the physical inventory during FY 2015 and FY 2014.

Table 1. Items Not Found During Physical Inventories

Fiscal Year	Number of Items	Acquisition Cost/ Accumulated Depreciation
2014	1,221	$38,647,301
2015	22	3,138,227
Difference	**(1,199)**	**$(35,509,074)**

During the inventory process, the House identified 47 fully depreciated[1] capitalized items that were not initially found, and needed more research to determine their status. Upon further review, the House located 16 of the items, determined that 2 items were duplicates, and determined that 29 items with a total acquisition cost of $1,841,497 did not exist[2]. The 29 items were recorded in the accounting system as "disposed" on January 12, 2016, after the draft financial statements were submitted for audit. Accordingly, the acquisition cost and accumulated depreciation were overstated in Footnote 5, *General Property and Equipment, Net*.

During our audit, we tested a sample of 62 capitalized property items for existence and other attributes. These items included 29 items acquired during FY 2015 (additions), 4 items with a NBV greater than zero, and 29 items with a NBV of zero. We identified the following exceptions:

- Two software items with a NBV of zero and an acquisition cost totaling $343,910 were no longer in service and had not been removed from the property records.
- One equipment item with a NBV of zero had components with an acquisition cost of $17,736 that were removed from service during FY 2015; however, the asset's acquisition cost and accumulated depreciation were not adjusted accordingly.
- A total of 3 of the 29 capitalized property additions and 1 of the 29 items with a NBV of zero had incorrect or missing asset identification tags.
- One of the 29 capitalized property additions had the incorrect serial number.
- A total of 12 of the 29 capitalized property additions and 3 of the 29 items with a NBV of zero had incorrect physical locations.

We also compared items transferred to the General Services Administration (GSA) per the House's transfer manifests (Standard Form -126) to the items on the House's property listing as of September 30. We identified eight items (one capitalized and seven accountable) that were listed as transferred to GSA per the transfer manifests but that were still in service per the House's property records. The House stated that six of these items were not shipped to GSA; they were originally recorded as disposed in the property system, and when they were later added back to the property records, the transfer manifests were not corrected. The remaining two items were inappropriately added back into service during the CAO inventory reconciliation process.

FASAB Statements on Federal Financial Accounting Standards (SFFAS) No. 6, *Accounting for Property, Plant, and Equipment*, states:

> *In the period of disposal, retirement, or removal from service, general PP&E [property] shall be removed from the asset accounts along with associated accumulated depreciation/amortization.*

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[1] Net book value (NBV) is the acquisition value of an asset less accumulated depreciation. A fully depreciated asset with no residual value will have a NBV of $0.

[2] These 29 items were not included in Table 1. Items Not Found During Physical Inventories, because they were still being researched when the original inventory results were compiled.

The U.S. Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* states:

> *A subset of these objectives is the safeguarding of assets. Internal control should be designed to provide reasonable assurance regarding prevention of or prompt detection of unauthorized acquisition, use, or disposition of an agency's assets.*

GAO's *Standards for Internal Control in the Federal Government* also states:

> *Transactions should be promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from the initiation and authorization through its final classification in summary records. In addition, control activities help to ensure that all transactions are completely and accurately recorded.*

Because of these internal control deficiencies, the House's property records were overstated by a known error of $2,203,143, with a likely overstatement of $6,231,705. In addition, without effective internal controls, the risk of material misstatements in the financial statements is increased and accountability is diminished.

We recommend that the CAO continue to design and implement property process improvements and internal control activities, including:

- Completing the design, implementation, testing, and monitoring of the process and standard operating procedures changes that were began in FY 2015, or that will be made during FY 2016.
- Updating documentation of business process maps and standard operating procedures showing full operational capabilities and key control activities.
- Providing training to management and process owners responsible for property life cycle processes, internal control, compliance, and accounting activities.
- Performing robust physical inventories that include software items.

Finding 2: **Ineffective Control over Information Technology**
Summary Status: **Prior-Year Significant Deficiency**
Open

During FY 2015, the House continued to make progress in improving its internal controls over information technology (IT). It successfully remediated prior-year deficiencies concerning segregation-of-duties conflicts and tracking of information security weaknesses; however, it is still in the process of fully implementing a risk management framework, including maintenance of system security plans (SSPs) and implementation of baseline configurations. We first identified and reported the issues concerning the risk management framework in FY 2009. In addition, there are still other areas for improvement in strengthening controls surrounding financial systems.

We noted the following control deficiencies related to internal controls over information systems, which collectively represent a significant deficiency. An element of this significant deficiency has been omitted because it contains sensitive information. We have communicated this element containing sensitive information to the Inspector General in a separate restricted distribution report.

1. The House has not fully implemented procedures to ensure that all major systems within its IT environment have undergone a risk management process.
2. The House has not fully developed and maintained SSPs for major financial systems.
3. The House has not adequately designed and implemented audit logging and monitoring controls for financial applications.
4. The House does not actively monitor and review access to PeopleSoft shared group accounts.

We discuss each of these deficiencies below and provide our recommendations for improvement.

1. The House has not fully implemented procedures to ensure that all major systems within its IT environment have undergone a risk management process.

The House did not complete risk management framework activities in accordance with National Institute of Standards and Technology (NIST) guidance for PeopleSoft, Human Resource Information Systems (HRIS), FinMart, the House Network, and Active Directory. Specifically, SSPs continue to need improvement, control assessment processes are not fully implemented, and the continuous monitoring program has not been finalized. As a result of these limitations, all in-scope systems authorized in FY 2015 received “Authority to Operate” (ATO) with specific terms and conditions. The ATO was granted because the necessity of continuing to operate the system outweighed the risks presented by the identified control deficiencies; however, the terms and conditions state that the ATO is contingent upon the House making progress in mitigating system weaknesses.

NIST Special Publication (SP) 800-37, Revision 1, *Guide for Applying the Risk Management Framework to Federal Information Systems: A Security Life Cycle Approach*, indicates that an organization must assess its security controls before authorizing the information system to operate. During FY 2015, the CAO did achieve a significant milestone in implementing a formal risk management framework by developing an Assessment and Authorization Plan to reach full implementation status. The plan’s projects are scheduled for completion by December 2017.

Without completing risk management framework activities, management cannot obtain adequate assurance that the general IT environment and all information systems are operating with an acceptable amount of risk.

NIST SP 800-37, Revision 1, requires that organizational officials, in collaboration with the senior information security officer, assess the information provided by the system owner or common control provider regarding the current security state of the system and make recommendations for addressing any residual risks. Risk assessments are employed at the discretion of the organization to provide needed information on threats, vulnerabilities, and potential impacts, as well as the analyses for risk mitigation.

We recommend that the CAO:

- Implement and enforce a risk management framework using the approved risk management framework policies and procedures.

- Undergo a security assessment process, to include risk assessments, in accordance with House policy and industry best practices for federal information systems, to ensure that management's authorizing officials are provided with adequate information to make system authorization decisions.

2. The House has not fully developed and maintained SSPs for major financial systems.

The House's Assessment and Authorization Plan for implementing a risk management framework includes a project for updating SSPs for major financial systems. SSP development includes minimum security control selection, scoping, and tailoring of selected security controls. The Assessment and Authorization Plan implementation for major financial systems is still in the initial stages, however, and the House did not update or assess the SSPs during FY 2015. According to the Assessment and Authorization Plan, all major financial systems (Network, Active Directory, PeopleSoft, HRIS, and FinMart) should have updated ATOs in place as of September 2016, with the ATOs for the entire system scheduled to be in place by December 2017. As a result, there is an increased risk that potential threats and vulnerabilities will go unmitigated due to a lack of security controls commensurate with the risk of the system security categorization.

NIST SP 800-18, Revision 1, *Guide for Developing Security Plans for Federal Information Systems*, provides guidance for developing SSPs. In accordance with NIST SP 800-18, agencies must meet the minimum security requirements of Federal Information Processing Standard (FIPS) 200.These requirements represent a broad-based, balanced information security program that addresses the management, operational, and technical aspects of protecting the confidentiality, integrity, and availability of federal information and information systems. Agencies meet the minimum security requirements in FIPS 200, *Minimum Security Requirement for Federal Information and Information Systems,* by applying security controls selected in accordance with NIST SP 800-53, Revision 4, *Recommended Security Controls for Federal Information Systems and Organizations*, and with the designated impact levels of the information systems. The impact levels of the information system are determined using guidance provided by FIPS 199, *Standards for Security Categorization of Federal Information and Information Systems*.

We recommend that the CAO document and implement policies and procedures that provide guidance regarding the implementation of a risk management framework as outlined by NIST SP 800-37, Revision 1, including SSP development and maintenance, which includes system security categorization, minimum security control selection, scoping, and tailoring.

3. The House has not adequately designed and implemented audit logging and monitoring controls for financial applications.

We noted inadequate logging and monitoring of FinMart infrastructure components. Specifically, CAO management does not log and monitor the modification or deletion of content in SQL Server Agent jobs on the FinMart production SQL server. The SQL Server Agent is responsible for running scheduled tasks within the Microsoft SQL database; these tasks are referred to as jobs. SQL Server Agent jobs manage the daily data transfer with PeopleSoft, as well as the system assurance job that ensures data integrity.

During FY 2015, we noted that CAO management has begun the process of remediating this issue, specifically through the implementation of MacAfee Database Active Monitoring (DAM); however, during testing, the tool did not alert management regarding sensitive queries. Management is currently in the process of remediating this issue; however, it was not resolved as of the end of FY 2015.

In accordance with NIST SP 800-53, Revision 4, organizations should determine, based on a risk assessment and mission/business needs, that the information system is capable of auditing organizationally defined auditable events. The organization should review and analyze information system audit records for indications of inappropriate or unusual activity and report findings to designated organizational officials.

We recommend that the CAO implement audit logging and monitoring tools for FinMart to ensure that management actively monitors audit logs for sensitive financial records and tables, as well as for key security activities, and that all reviews and any follow-up actions are documented.

4. The House does not actively monitor and review access to PeopleSoft shared group accounts.

The House does not adequately monitor and review shared group accounts, including privileged administrator accounts. We noted three group accounts, two with administrative access and one used by the accounting department for accounts payable processing, that did not have proper oversight and accountability.

During FY 2015, management developed documentation acknowledging the requirement for improved privileged account and access management (PAAM), as well as an implementation plan for increased PAAM capabilities. Management is currently undergoing planning to determine the best approach for addressing PAAM.

These issues are due to a lack of adequately established policies and procedures guiding the usage and monitoring of PeopleSoft shared group accounts, including privileged administrator accounts. The lack of policies and procedures and adherence to such increases the risk that inappropriate actions may be performed with a privileged account within the financial system and go undetected; even if inappropriate actions are detected, accountability for those actions may not be determined.

In accordance with NIST SP 800-53, Revision 4, the information system should uniquely identify and authenticate organizational users or processes acting on behalf of organizational users. Unique identification of individuals in group accounts (e.g., shared privileged accounts) may need to be considered for detailed accountability of activity.

We recommend that the CAO uniquely identify and authenticate users to the highest degree possible, and establish and implement policies and procedures concerning audit logging and monitoring, including privileged administrator accounts.

Appendix B
Management's Response

Will Plaster
Chief Administrative Officer

Office of the
Chief Administrative Officer
U.S. House of Representatives
Washington, DC 20515–6860

HB–26, The Capitol

MEMORANDUM

To: The Honorable Theresa M. Grafenstine
Inspector General

From: Will Plaster
Chief Administrative Officer

Subject: Chief Administrative Officer Response to the *Independent Auditor's Report* on the House's Fiscal Years 2015 and 2014 Financial Statements

Date: March 28, 2016

Thank you for the opportunity to comment on the U.S. House of Representatives Financial Statement Audit for fiscal year 2015. We are pleased to receive another clean audit opinion.

I have reviewed and concur with the two significant deficiencies and their corresponding recommendations contained in the FY15 Financial Statement Audit Report. Outlined below are summaries of the current status and our planned actions related to these issues.

Finding 1: Ineffective Control Over Property and Equipment

In fiscal year 2016, the Chief Administrative Officer (CAO) will conduct its third consecutive comprehensive physical inventory of CAO accountable equipment and capitalized assets, including software, to develop a baseline inventory for validating the amount and value of the assets reported in the property and equipment records. The Asset Management directorate will be fully established and operational for the CAO and responsible for the central receiving, central disposing, transferring, periodic inventory, and management of House assets. New scanner technology will be implemented within the fiscal year to support accurate inventory recording, receiving, and disposing of assets. A high priority this fiscal year is to continue implementing the CAO's newly re-engineered asset management business processes. These processes aim to ensure internal control mechanisms are designed, documented, tested, and monitored for all key processes related to the property life-cycle. They will incorporate organizational change management, employee training, and learning tools to aid process owners' adjustment to operating under the new processes.

Finding 2: Ineffective Controls Over Information Technology

1. **The House has not fully implemented procedures to ensure that all major systems within its IT environment have undergone a risk management process.**
   The Information Security Office (INFOSEC) continues to lead the implementation of the Risk Management Framework (RMF). The House has committed funding for four additional full time contractors to augment the existing staff dedicated to supporting the development and execution of RMF policies, procedures, and processes. INFOSEC has

identified and established a baseline inventory of authorization boundaries to undergo the assessment and authorization (A&A) process. In FY 2015, INFOSEC completed its first two A&As, granting full authorizations for the Hyperion major application as well as the Enterprise Common Controls registry. We are on schedule to conclude at least ten assessments by end of 2016, including those for financial systems. We remain on schedule to complete A&As for our authorization boundaries. While we continue conducting A&As on existing information systems, we now require risk assessments in accordance with the NIST RMF on new applications that may impact the House enterprise—seven were conducted in the last six months.

In the last 18 months the RMF staff has created the first CAO RMF policy and already has conducted the first annual review of the policy. As part of the review, the policy was strengthened to include organizationally defined security standards and requirements aligned with NIST SP 800-53 Revision 4 for Moderate-level security controls. INFOSEC continues to formalize processes to support RMF, as evidenced in the development of the IT risk acceptance and a Plan of Action and Milestone (POAM) processes. The IT risk acceptance process provides a formal acceptance of risk by those authorized stakeholders while the POAM process provides a formal mechanism to track, monitor and account for risk remediation.

The CAO is on schedule to resolve and close all the dependencies of this recommendation by December 31, 2017. This resolution includes:

- Completion of the financial systems' A&As by July 31, 2016
- Implementation of the risk acceptance and POAM processes by August 31, 2016
- Completion of remaining authorization boundaries' A&As by December 31, 2017

2. **The House has not fully developed and maintained SSPs for major financial systems.**
Continuing from the progress noted in the response to Finding 2, item 1, the Information Security Office (INFOSEC) continues to work with authorization boundary owners to draft RMF recommended security documentation. We have completed System Security Plans (SSP) in line with NIST SP 800-18 for the Hyperion and Enterprise Common Controls and are on track to complete another four SSPs for HRIS, PeopleSoft, Authentication Management, and FinMart by April 2016. We are also on schedule to complete an additional six authorization boundary SSPs by June 2016. We are implementing Information System Contingency plans (ISCPs) and have completed ten in support of the RMF program. We remain on schedule to complete SSPs for all authorization boundaries by the conclusion of their respective A&As. CAO remains on schedule to complete A&As for all existing authorization boundaries by December 2017.

3. **The House has not adequately designed and implemented audit logging and monitoring controls for financial applications.**
In November 2014, the Enterprise Applications Directorate (EA), in conjunction with the Office of CyberSecurity, implemented McAfee Database Activity Monitoring (DAM) on the FinMart production databases (DBs). DAM products are commonly-employed database security tools used to provide organizations visibility into database activity, including activity conducted by privileged user accounts.

The DAM tool utilizes a local agent to monitor database activity and issues rule-based alerts when questionable activity takes place. Generated alerts are sent to EA staff, CyberSecurity staff, and supervisors. The alert contains the defined threat and the executed statement that triggered the alert. EA is responsible for reviewing the alert and coordinating with CyberSecurity where appropriate.

Due to a compatibility issue, the EA/CyberSecurity team responsible for implementing and monitoring the DAM tool elected to move to Hedgehog client in accordance with the system manufacturer's recommendation. This migration was completed March 2, 2016. The team is currently testing the deployed tool to ensure that it is fully implemented and the alert criteria are stable and functioning as designed.

We anticipate completing our testing and review by March 31, 2016. Once complete, we expect the implemented tool will provide sufficient controls to remedy this logging and monitoring deficiency.

4. **The House does not actively monitor and review access to PeopleSoft shared group accounts.**
   As reported in our concurrence to the FY 2014 finding, the CAO has conducted a low cost, low risk planning initiative to identify opportunities within our environment to strengthen our identity and access management (IAM) posture. As part of this initiative, the CAO was given a high-level roadmap outlining potential near and midterm goals designed to position the CAO for success in rolling out an IAM program. The roadmap identified the need to establish governance and the foundational components for IAM, such as an identity hub within the House environment. The CAO Office of Enterprise Operations (EO) has been tasked with deploying the CAO IAM program, to include defining and launching the remaining phases. Phase 2 of the IAM program, planned to start in the 3rd quarter of 2016 with an estimated completion in the 2nd quarter of 2017, is focused on governance requirements and account provisioning and de-provisioning.

I recognize that the achievement of an unqualified financial statement opinion was accomplished through the joint efforts of your staff, contract auditors, CAO and other House staff. I would like to express my appreciation for the cooperation and professionalism displayed by your staff and contract auditors during the course of the engagement.

Fiscal Year 2015 Financial Statements

FINANCIAL STATEMENTS INCLUDED IN THIS REPORT

The U.S. House of Representatives (House) has prepared financial statements for fiscal year (FY) 2015 in accordance with U.S. Generally Accepted Accounting Principles (GAAP) issued by the Federal Accounting Standards Advisory Board (FASAB) and the applicable form and content requirements of the Office of Management and Budget's (OMB) Circular No. A-136, *Financial Reporting Requirements*. The responsibility for the integrity of the financial information included in these statements rests with management of the House. The audit of the House's financial statements was performed by Cotton & Company LLP. The auditor's report accompanies the financial statements.

The House's financial statements for FY 2015 and FY 2014 consisted of the following:

The **Consolidated Balance Sheets**, which presents as of September 30, 2015 and 2014 those resources owned or managed by the House that are available to provide future economic benefits (assets); amounts owed by the House that will require payments from those resources or future resources (liabilities); and residual amounts retained by the House comprising the difference (net position).

The **Consolidated Statements of Net Cost**, which presents the net cost of the House's operations for the years ended September 30, 2015 and 2014. The House's net cost of operations includes the gross costs incurred by the House less any exchange revenue earned from House activities.

The **Consolidated Statements of Changes in Net Position**, which presents the change in the House's net position resulting from the net cost of the House's operations, budgetary financing sources other than exchange revenues, and other financing sources for the years ended September 30, 2015 and 2014.

The **Combined Statements of Budgetary Resources**, which present the budgetary resources available to the House during FY 2015 and FY 2014, the status of these resources at September 30, 2015 and 2014, the change in obligated balance during FY 2015 and FY 2014, and net outlays of budgetary resources for the years ended September 30, 2015 and 2014.

CONSOLIDATED BALANCE SHEETS
As of September 30, 2015 and 2014

	2015	2014
ASSETS		
Intragovernmental:		
Fund Balance with U. S. Treasury (Note 2)	$ 319,824,750	$ 278,582,522
Accounts Receivable, Net (Note 3)	142,760	66,614
Advances and Prepayments (Note 7)	602,149	169,759
Total Intragovernmental	320,569,659	278,818,895
Cash and Other Monetary Assets (Note 2)	6,079	2,655
Accounts Receivable, Net (Note 3)	502,289	370,883
Inventory and Operating Materials and Supplies (Note 4)	1,204,215	1,197,223
Property and Equipment, Net (Note 5)	23,863,897	19,208,430
Advances and Prepayments (Note 7)	9,387,281	4,639,201
Total Assets	**$ 355,533,420**	**$ 304,237,287**
Stewardship Property and Equipment (Note 6)		
LIABILITIES		
Intragovernmental:		
Accounts Payable	$ 3,100,879	$ 4,529,826
Advances from Others	803,684	603,219
Other Liabilities	4,135,145	2,361,598
Total Intragovernmental	8,039,708	7,494,643
Accounts Payable	20,918,323	23,158,599
Actuarial Federal Employees' Compensation Act Liabilities	32,427,866	35,349,785
Accrued Payroll and Benefits	6,763,623	6,522,459
Accrued Annual Leave	7,321,389	7,125,969
Other Liabilities	36,374	77,556
Total Liabilities (Note 8)	**$ 75,507,283**	**$ 79,729,011**
NET POSITION		
Unexpended Appropriations	$ 263,423,019	$ 217,237,784
Cumulative Results of Operations	16,603,118	7,270,492
Total Net Position	**$ 280,026,137**	**$ 224,508,276**
Total Liabilities and Net Position	**$ 355,533,420**	**$ 304,237,287**

CONSOLIDATED STATEMENTS OF NET COST

For the Years Ended September 30, 2015 and 2014

	2015	2014
NET COST OF OPERATIONS (Note 11)		
Net Costs By Program Area		
Legislative Activities		
Gross Costs	$ 1,465,566,238	$ 1,485,227,505
Less: Earned Revenue	(4,555,636)	(5,362,533)
Net Program Costs	**1,461,010,602**	**1,479,864,972**
Revolving Fund Activities		
Gross Costs	2,514,857	1,965,051
Less: Earned Revenue	(4,547,110)	(4,736,462)
Net Program Costs	**(2,032,253)**	**(2,771,411)**
Net Cost of Operations	**$ 1,458,978,349**	**$ 1,477,093,561**

CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION
For the Years Ended September 30, 2015 and 2014

	2015	2014
Cumulative Results of Operations		
Beginning Balance	$ 7,270,492	$ 8,202,332
Budgetary Financing Sources		
Appropriations Used	1,240,662,789	1,235,297,710
Nonexchange Revenue	12,310	33,950
Other Financing Sources		
Imputed Financing from Costs Absorbed by Others (Note 15)	228,077,042	241,196,971
Other Adjustments	(441,166)	(366,910)
Total Financing Sources	1,468,310,975	1,476,161,721
Net Cost of Operations	(1,458,978,349)	(1,477,093,561)
Net Change	9,332,626	(931,840)
Total Cumulative Results of Operations	**$ 16,603,118**	**$ 7,270,492**
Unexpended Appropriations		
Beginning Balance	$ 217,237,784	$ 159,014,711
Budgetary Financing Sources		
Appropriations Received	1,295,556,000	1,295,494,000
Other Adjustments	(8,707,976)	(1,973,217)
Appropriations Used	(1,240,662,789)	(1,235,297,710)
Total Budgetary Financing Sources	46,185,235	58,223,073
Total Unexpended Appropriations	**$ 263,423,019**	**$ 217,237,784**
Net Position	**$ 280,026,137**	**$ 224,508,276**

COMBINED STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended September 30, 2015 and 2014

	2015	2014
Budgetary Resources:		
Unobligated balance brought forward, Oct 1	$ 192,856,060	$ 140,882,286
Recoveries of prior year unpaid obligations	911,784	2,236,360
Other changes in unobligated balance	(8,707,832)	(1,973,217)
Unobligated balance from prior year budget authority, net	185,060,012	141,145,429
Appropriations (discretionary and mandatory)	1,295,556,000	1,295,494,000
Spending authority from offsetting collections (discretionary and mandatory)	23,956,121	25,105,864
Total budgetary resources	**$ 1,504,572,133**	**$ 1,461,745,293**
Status of Budgetary Resources:		
Obligations incurred	$ 1,270,578,816	$ 1,268,889,233
Unobligated balance, end of year:		
Exempt from apportionment	223,072,499	182,011,041
Unapportioned	10,920,818	10,845,019
Total unobligated balance, end of year:	233,993,317	192,856,060
Total budgetary resources	**$ 1,504,572,133**	**$ 1,461,745,293**
Change in Obligated Balance:		
Unpaid Obligations:		
Unpaid Obligations, brought forward, Oct 1	$ 85,704,477	$ 77,226,086
Obligations incurred	1,270,578,816	1,268,889,233
Outlays (gross)	(1,268,769,228)	(1,258,174,482)
Recoveries of prior year unpaid obligations	(911,784)	(2,236,360)
Unpaid obligations September 30, 2015	86,602,281	85,704,477
Memorandum (non-add) Entries:		
Obligated balance, start of year	$ 85,704,477	$ 77,226,086
Obligated balance, September 30, 2015	$ 86,602,281	$ 85,704,477
Budget Authority and Outlays, Net		
Budget authority, gross (discretionary and mandatory)	$ 1,319,512,121	$ 1,320,599,864
Actual offsetting collections (discretionary and mandatory)	(23,956,121)	(25,105,864)
Budget authority, net (discretionary and mandatory)	**$ 1,295,556,000**	**$ 1,295,494,000**
Outlays, gross (discretionary and mandatory)	$ 1,268,769,228	$ 1,258,174,482
Actual offsetting collections (discretionary and mandatory)	(23,956,121)	(25,105,864)
Outlays, net (discretionary and mandatory)	1,244,813,107	1,233,068,618
Agency outlays, net (discretionary and mandatory)	**$ 1,244,813,107**	**$ 1,233,068,618**

Notes *to the* Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

The U.S. House of Representatives (House) is one of two separate legislative chambers that comprise the Congress of the United States. The other is the U.S. Senate (Senate). All lawmaking powers of the Federal government are given to the Congress under Article I of the Constitution of the United States. The House and Senate jointly agree on a budget for the Legislative Branch and submit it to the President of the United States. The Members of the House serve two-year terms of office, which coincide with the sequential numbering of the entire Congress.

To help carry out its constitutional duties, the House creates committees of Members and assigns them responsibility for gathering information, identifying policy problems, proposing solutions, and reporting bills to the full chamber for consideration. The House elects and appoints Officers and officials to administer both legislative and non-legislative functions, which support the institution and its Members in carrying out its legislative duties. The financial statements of the House provide financial information on the activities of all entities, which are subject to the authority vested in the House by the U.S. Constitution, public laws, and rules and regulations adopted by the membership of the House.

These financial statements reflect the organizational structure of the House under the 113th and 114th Congresses. The Fiscal Year (FY) 2015 financial statements are comprised of two programs: Legislative Activities and Revolving Fund Activities.

Legislative Activities

Legislative Activities consist of all financial activity related to the operations of all Member Offices, both in Washington, D.C. and Congressional districts; all Committees both Standing and Special and Select; Leadership Offices; House Officers and Offices; and Joint Functions that the House shares with the Senate including the Attending Physician and Joint Committee on Taxation.

House **Members** are elected from congressional districts of approximately equal population. The financial information aggregates transactions of the Member districts and Washington, D.C. offices, and includes 435 Representatives; five Delegates, one each from the District of Columbia, Guam, Virgin Islands, American Samoa and Northern Mariana Islands; and one Resident Commissioner from Puerto Rico.

The **Committees** financial information aggregates transactions of the Standing and Special and Select Committees of the 113th and 114th Congresses. Committees are organized at the beginning of each Congress according to their jurisdictional boundaries incorporated in the Rules of the House. The Committees of the House under the 113th and 114th Congresses are:

Committee on Agriculture
Committee on Appropriations
Committee on Armed Services
Committee on the Budget
Committee on Education and the Workforce
Committee on Energy and Commerce
Committee on Ethics
Committee on Financial Services
Committee on Foreign Affairs
Committee on Homeland Security
Committee on House Administration
Committee on the Judiciary
Committee on Natural Resources
Committee on Oversight and Government Reform
Committee on Rules
Committee on Science, Space, and Technology
Committee on Small Business
Committee on Transportation and Infrastructure
Committee on Veterans' Affairs
Committee on Ways and Means
Permanent Select Committee on Intelligence
Select Committee on Benghazi

The House **Leadership Offices** financial information aggregates transactions of:

Speaker of the House
Majority and Minority Leaders
Majority and Minority Whips
Party Steering Committees, Caucus or Conference, which consist of Representatives of the same political party

The **Officers and Legislative Offices** financial information aggregates transactions of all legislative support and administrative functions provided to Members, Committees, and Leadership offices, including:

Chaplain
Chief Administrative Officer (CAO)
Clerk of the House
Office of Congressional Ethics
Office of Interparliamentary Affairs
Office of the General Counsel
Office of the Historian
Office of Inspector General
Office of the Law Revision Counsel
Office of the Legislative Counsel
Parliamentarian
Sergeant at Arms

The **Joint Functions** financial information aggregates transactions of the joint activities of the House and the Senate to the extent that the House funds these functions. House administrative management does not exert direct control over the expenditures of these functions. The joint functions in these statements include:

Attending Physician
Joint Economic Committee
Joint Committee on the Library
Joint Committee on Printing
Joint Committee on Taxation

Revolving Fund Activities

Revolving Fund Activities consist of all financial activity related to the operations of all House revolving fund accounts.

The **Revolving Funds** financial information aggregates transactions of:

House Child Care Center
House Recording Studio
House Services
Net Expenses of Equipment
Net Expenses of Telecommunications
Stationery

B. Basis of Consolidation

The consolidated financial statements include the accounts and significant activities of the House. All significant interoffice balances and transactions have been eliminated to arrive at consolidated financial information, except for the Statement of Budgetary Resources which is presented on a combined basis in accordance with Office of Management and Budget's (OMB) Circular No. A-136.

The financial statements do not include legislative agencies that support the House and that receive separate appropriations. These agencies are:

Architect of the Capitol
Congressional Budget Office
Government Accountability Office
Government Printing Office
Library of Congress
U.S. Botanic Garden
U.S. Capitol Police

Functions jointly shared between the House and the Senate are included in the financial statements to the extent their operations are funded by House appropriations.

C. Basis of Accounting and Presentation

The financial statements present the financial position, net cost of operations, changes in net position and budgetary resources of the House. These statements have been prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) issued by the Federal Accounting Standards Advisory Board (FASAB) and the applicable form and content requirements of the OMB Circular No. A-136.

While the House is a Legislative Branch entity, it has elected to incorporate many of the Federal government Executive Branch agency financial management and reporting standards that management deems necessary for the fair presentation of financial statement information.

The House's accounting structure, in accordance with GAAP, utilizes both accrual and budgetary accounting. Under accrual accounting, events are recognized as they occur, as opposed to when cash is received or disbursed. Therefore, revenues are recorded when earned and expenses are recorded when a liability is incurred, without regard to receipt or payment of cash. The budgetary accounting, on the other hand, facilitates compliance with legal constraints on, and controls over, the use of Federal funds.

Throughout these financial statements, assets, liabilities, revenues and costs have been classified according to the type of entity with whom the transactions were made. Intragovernmental assets and liabilities are those from or to other Federal entities. Intragovernmental earned revenues are collections or accruals of revenue from other Federal entities, and intragovernmental costs are payments or accruals of liabilities to other Federal entities.

While these statements have been prepared from the records of the House in accordance with GAAP and formats prescribed in OMB Circular No. A-136, these statements are in addition to the financial reports used to monitor and control the budgetary resources that are prepared from the same records. These statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.

D. Fund Balance with the U.S. Treasury, and Cash and Other Monetary Assets

The U.S. Treasury processes cash receipts and disbursements for the House through its cash management services. Fund Balance with Treasury represents the aggregate amount of House fund accounts with the U.S. Treasury available to pay current liabilities and finance authorized purchases. Fund Balance with Treasury consists of balances for general fund expenditure accounts, revolving funds, and other fund types as of the end of the FY. Fund Balance with Treasury also includes the Congressional Use of Foreign Currency account, which is held at the U.S. Treasury and is maintained and administered by the Department of State on behalf of the House. The House also maintains an account related to Other Fund Types. Cash and other monetary assets include cash on hand that represents deposits in transit and amounts held in a commercial bank account. (*See Note 2*)

The following describes the type of funds maintained by the House:

General Fund Expenditure Accounts are fund accounts used to record amounts appropriated by Congress for the general support of the Federal government.

Revolving Funds are fund accounts used to record funds authorized by specific provisions of law to finance a continuing cycle of business–type operations. Receipts are credited directly to the revolving fund as offsetting collections and are available for expenditure without further action by Congress.

Other Fund Types include General Fund Receipt and Deposit Fund accounts. General Fund Receipt accounts are used to record all receipts not earmarked by law for a specific purpose. These receipts may include miscellaneous recoveries and refunds and fines and penalties. The U.S. Treasury automatically transfers all cash balances in these receipt accounts to the general fund of the Treasury at the end of each FY. Deposit Fund accounts are used to record monies withheld from payroll and payments for goods and services that are pending disbursement to other entities; and receipts and disbursements awaiting determination of the proper accounting classification.

E. Accounts Receivable, Net

Accounts Receivable represents amounts due to the House from Federal entities, Members, employees and/or vendors for money, goods, and services less an Allowance for Doubtful Accounts. Accounts Receivable primarily arises from provision of goods and services, commissions, and overpayments. Allowance for Doubtful Accounts is based on an analysis of outstanding accounts, aging methodologies and historical collection experience. Intragovernmental accounts receivable are generally considered to be fully collectible. (*See Note 3*)

F. Inventory and Related Property, Net

Inventory is tangible personal property that is held for sale. The CAO Office Supply Service and Gift Shop maintain an inventory of supplies and merchandise purchased for resale to the public. Inventories for sale are valued at the historical cost method using the weighted average cost flow assumption.

Operating Material and Supplies are tangible personal property to be consumed during normal operations. The CAO Logistics and Support Office maintains inventories of such items as hardwood, carpet, leather, fabric, furniture components, and repair materials purchased by the House for use in its operations. The CAO House Information Resources Office maintains inventories of such items as fiber jumpers to support network connectivity and patch cords to support desktop computers. These items are not for sale and are reflected in the financial statements at an estimated value based on the historical cost method using the first in/first out cost flow assumption. (*See Note 4*)

G. General Property and Equipment, Net

General Property and Equipment (P&E) consists of office and computer equipment, furniture, vehicles, software, leasehold improvements and work in process. The House capitalizes property and equipment when the acquisition cost equals or exceeds an established threshold and has a useful life of two years or more. The costs of such items are recognized as assets when acquired.

Property and equipment are capitalized if the unit acquisition cost is equal to or greater than $25,000 and the item has a useful life of two years or more with the exception of software. Software is capitalized if the unit acquisition cost is equal to or greater than $10,000 and the item has a useful life of two years or more. Work in process consists of capitalized costs associated with assets received, but not placed in service as of the end of the FY.

An appropriate portion of an asset's value is reduced and an expense for depreciation or amortization is recognized over the accounting periods benefited by the asset's use. The House calculates depreciation and amortization expense based on the straight-line method over an asset's estimated useful life. Depreciation expense is applicable to tangible assets such as equipment, furniture, and vehicles. Amortization expense is applicable to intangible assets such as software and leasehold improvements.

A loss is recognized when the net book value of the asset at the time of disposal exceeds any proceeds received. A gain is recognized when the net book value of the asset at the time of disposal is less than any proceeds received. (*See Note 5*)

House office buildings and land occupied by Members and employees in Washington, D.C. are under the custody of the Architect of the Capitol (AOC) and are excluded from the House's property and equipment accounts. The House recognizes an imputed cost and related imputed financing source in its financial statements for the costs associated with the occupancy of the U.S. Capitol, House office buildings, and the O'Neill Federal Building. (S*ee Notes 1K and 15*)

H. Stewardship Property and Equipment

Stewardship (P&E) includes heritage assets and stewardship land. Heritage assets are unique due to their historical or natural significance; cultural, educational, or artistic importance; or significant architectural characteristics. Heritage assets consist of collection-type assets, such as objects gathered and maintained for exhibition, for example, museum collections, art collections, and library collections; and non-collection-type assets, such as parks, memorials, monuments, and buildings. These assets are expected to be preserved indefinitely. The House's heritage assets are considered collection-type assets and consist primarily of historical artwork and artifacts.

Heritage assets can serve two purposes: a heritage function and a general government operational function. If a heritage asset serves both purposes, but is predominantly used for general government operations, the asset is considered a multi-use heritage asset, which is included in general P&E on the Balance Sheet. The House office buildings and land occupied and used by Members and employees in Washington, D.C. meet the criteria of multi-use heritage assets. Stewardship responsibility for these multi-use heritage assets is maintained by the AOC and disclosed on its financial statements. The House does not possess multi-use heritage assets or stewardship land.

Heritage assets that are not multi-use are disclosed on the Balance Sheet as a note reference with no asset amount shown, and are not included in the general P&E. The cost of improving, reconstructing, or renovating heritage assets is recognized as an expense in the period incurred. Similarly, the cost to acquire or construct a heritage asset is recognized as an expense in the period incurred. Due to their nature, matching costs with specific periods would not be meaningful. (*See Note 6 and Required Supplementary Information*)

I. Advances and Prepayments

Advances and prepayments are transfers of cash to cover future expenses or the future acquisition of assets. These goods and services are delivered in increments that span several months. Advance payments are recorded as assets and consist of payments to Federal government entities for contractual services and for mailings that require address corrections or additional postage. As the goods and services are rendered, the Advance account is drawn down and the appropriate asset or expense is recognized. Prepayments are also recorded as assets, and represent payments made by a Federal entity to cover certain periodic expenses before those expenses are incurred. Prepayments include payments for subscriptions and are initially recorded as expenses. At year-end, all such payments made for the current year are analyzed to determine the proper expense and prepayment amounts applicable to the current accounting period for financial statement purposes. The House also pays for health plans under Public Law 111-148, *Patient Protection and Affordable Care Act (ACA)* and records this payment as an advance. The advance account is then drawn down and an expense is recognized when invoices are received for health care insurance premiums. (*See Note 7*)

J. Liabilities

Liabilities represent the probable future outflow or other sacrifice of resources as a result of past transactions or events. Liabilities are amounts due to others as a result of items received, services rendered, expenses incurred, assets acquired and construction or work in process regardless of whether invoices have been received. Liabilities also represent amounts received that have not yet been earned. Liabilities covered by budgetary resources are liabilities incurred that will be covered by available budgetary resources encompassing not only new budget authority but also other resources available to cover liabilities for specified purposes in a given year. Liabilities not covered by budgetary resources include unfunded liabilities incurred for which revenues or other sources of funds necessary to pay the liabilities have not been made available through congressional appropriations or current earnings of the reporting entity. (*See Note 8*)

The House's liabilities include:

Accounts Payable that represent amounts owed for the cost of goods and services received but not yet paid. The House estimates certain accounts payable balances based on methodology that encompasses historical data and the first two months' financial activity of the subsequent FY.

Advances from Others that represent advance payments received from other Federal government entities for shared services, in advance of the delivery of these services. As the services are rendered the Advances from Others account is drawn down and the appropriate revenue is recognized. The House received payments in advance of receipt of shared services from the Library of Congress and the AOC.

Actuarial Federal Employees' Compensation Act Liabilities that represent an estimate based on actuarial calculations using historical payment patterns to predict what costs will be incurred in the future. The liability is adjusted annually by applying actuarial procedures. Any upward or downward adjustment to the liability is recorded as an annual increase or decrease to benefits expense. The House calculated the actuarial liability based on a model developed by the U.S. Department of Labor (DOL). 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. Claims paid for the benefit of House employees under FECA are administered by DOL, which pays the initial claim and obtains reimbursement from the House.

Accrued Payroll and Benefits and Annual Leave that represent both a funded and unfunded liability. A funded liability has a corresponding appropriation to liquidate it. An unfunded liability is a liability that is incurred during the current or prior year but is not payable until a future FY for which an appropriation has not yet been received.

Accrued payroll and benefits include salaries and associated benefits earned in the current FY and paid in the subsequent FY.

Annual leave for the House Officers, the Inspector General and their employees is accrued as earned, and the liability is reduced as leave is taken. The accrued annual leave balances are calculated according to Public Law 104-53, November 19, 1995, Sec. 109 Stat. 522 (i.e., the lesser of the employee's monthly pay or the monthly pay divided by 30 days and multiplied by the number of days of accrued leave). The House utilizes actual hours to calculate the liability. Sick and other types of paid leave are expensed as they are taken. The Members' and Committees' Congressional Handbooks allow offices to adopt personnel policies that provide for the accrual of annual leave and use of such leave. Leadership and other select House offices have also adopted similar policies. While leave is tracked from one pay period to the next, a consistent policy has not been formally adopted by these entities regarding the accrual and payment of leave time. Therefore, an accrued leave liability for Members, Committees, Leadership and select House offices is estimated on the financial statements. In FY 2015, the estimate was based on a three-year average of historical data of actual annual leave paid.

Other Intragovernmental Liabilities that represent the Accrued workers' compensation amount billed by DOL that will be paid in subsequent FYs, Unemployment compensation amounts owed to DOL, and accrued benefits.

Other Public Liabilities that represent amounts held pending proper accounting disposition or amounts withheld from payroll and payments for goods and services that are pending disbursement to other entities.

K. Revenue and Other Financing Sources

Appropriations

The House finances most of its operations through congressional appropriations of budget authority. To the extent that revenue generated by some House activities does not cover expenses, appropriations are required. The House receives annual, multi-year and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures. A financing source is recognized for these appropriated funds received, less appropriations transferred or not available through rescission or cancellation. The House usually receives the full amount of its appropriation at the beginning of each FY as stated in the public law.

Exchange and Non-Exchange Revenue

The House classifies revenues as either exchange revenue or non-exchange revenue. Exchange revenue is derived from transactions in which both the government and the other party receive value; and is recognized when goods have been delivered or services rendered. The House's exchange revenue consists of (1) sales of goods to the public for Office Supply Service and Gift Shop sales; (2) sales of services to the public for child care, photography sales, postal services and Attending Physician services; and (3) other revenue for vendor commissions. Non-exchange revenue is derived from the government's sovereign right to demand payment from the public (e.g., taxes, duties, fines, and penalties) but also includes donations. The House reports non-exchange revenue collected from donations for the Reduction of Public Debt and fines for Ethic Violations.

Intragovernmental Costs and Earned Revenues

The House earns intragovernmental revenue by providing mail and telecommunication services primarily to other legislative entities. Intragovernmental costs and exchange revenue represent transactions made between two reporting entities within the Federal government and are disclosed separately from costs and exchange revenue with the public (exchange transactions made between the reporting entity and a non-Federal entity). Intragovernmental expenses relate to the source of goods and services purchased by the reporting entity and not to the classification of related revenue. The purpose of this classification is to enable the Federal government to provide consolidated financial statements, and not to match public and intragovernmental revenue with costs that are incurred to produce public and intragovernmental revenue. The net cost of the House's operations includes gross costs incurred by the House less any exchange revenue earned from House activities.

Imputed Financing from Cost Absorbed by Others (and Related Imputed Costs)

The House recognizes the amount of cost incurred by a Federal entity for goods and services provided and paid for in total, or in part, by other Federal entities. Since the cost is not actually reimbursed to these Federal entities, an imputed financing source is also recognized to offset the costs financed by the entities. The imputed cost and imputed financing source for costs are associated with the occupancy of the U.S. Capitol, House office buildings, and the O'Neill Federal building under the custody of the AOC; the Federal Employee and Veterans' Benefits; and settlement of claims and litigation paid from the Treasury's Judgment Fund. The imputed cost is recognized in the Statement of Net Cost and the imputed financing source is recognized in the Statement of Changes in Net Position.

Occupancy Cost:

The House recognizes an occupancy cost for the U.S. Capitol, House office buildings, and the O'Neill Federal Building under the custody of the AOC that are occupied by Members and staff in Washington, D.C. The House office buildings are comprised of the Cannon, Ford, Longworth, Rayburn, and other buildings and facilities. The AOC receives an appropriation for the maintenance, care and operations of the House office buildings, facilities and grounds; and costs associated with the acquisition and maintenance of the land and buildings is accounted for by the AOC. A separate appropriation is received by AOC for the O'Neill Federal Building which is included in the occupancy cost.

The imputed occupancy cost for the U.S. Capitol and House office buildings is calculated by multiplying the gross square footage of the buildings, which includes a 'common area factor' of 12 percent, by the estimated acquisition and maintenance cost per square foot. The industry standard rental rate increase of 0.2 percent over FY 2014 is reflected in the FY 2015 occupancy costs. Actual cost paid by the AOC for the O'Neill Federal building is included in the occupancy cost.

Federal Employee and Veterans' Benefits Cost:

Federal-employing entities recognize their share of the cost of providing future pension benefits to eligible employees at the time the employees' services are rendered. The pension expense recognized in the Statement of Net Cost is the current service cost for House employees less the amount contributed by the employee.

The measurement of the service cost requires the use of actuarial cost methods and assumptions, with the factors applied by the House provided by the Office of Personnel Management (OPM), the Federal agency that administers the plan. The excess of the recognized pension expense over the amount contributed by the House represents the amount being financed directly through the Civil Service Retirement and Disability Fund administered by OPM. The House does not receive an appropriation to fund this cost. Therefore, this portion of the pension cost is considered an imputed financing source to the House, and is included in the Imputed Financing from Costs Absorbed by Others on the Statement of Changes in Net Position.

Federal-employing entities also recognize a current period expense for the future cost of post-retirement health benefits and life insurance for its employees while they are still employed. This cost is included in the Statement of Net Cost. Employees and the House do not currently make contributions to fund these future benefits, and the House does not receive an appropriation to fund this expense. Therefore, this portion of the post-retirement health benefits and life insurance is considered an imputed financing source to the House, and is included in Imputed Financing from Costs Absorbed by Others on the Statement of Changes in Net Position. (*See Note 15*)

L. Personnel and Benefits Compensation

House Members and employees are covered by either Civil Service Retirement System (CSRS), the Federal Employees Retirement System (FERS), the Federal Employees Retirement System – Revised Annuity Employee (FERS-RAE) or the Federal Employees Retirement System – Further Revised Annuity Employee (FERS-FRAE). Both Members and employees are eligible for retirement benefits under CSRS, FERS, FERS-RAE or FERS-FRAE.

With few exceptions, Members and employees of the House are covered by one of the following retirement programs:

1. Employees hired before January 1, 1984, and who have been employed continuously without a break in service of more than 365 days since December 31, 1983 are covered under CSRS.
2. Employees hired on or after January 1, 1984, and before January 1, 2013, are covered under FERS.
3. Employees hired on or after January 1, 2013, and before January 1, 2014, are covered under FERS-RAE.
4. Employees hired on or after January 1, 2014 are covered under FERS-FRAE.

A CSRS basic annuity, unreduced for age, debts to the fund, or survivor's benefits, is calculated by multiplying the highest 3 consecutive years' average salary by a percentage factor which is based on the length of Federal service. However, Members' benefits are different from those of employees. For example, a Member covered by CSRS is eligible to receive unreduced retirement benefits at age 60 if he or she has 10 years of Member service. An employee is eligible to receive reduced benefits at age 50 with 20 years of service or at any age with 25 years of service. The FERS, FERS-RAE and FERS-FRAE basic benefit plans provide the same benefits for either Members or employees.

CSRS employees contribute a portion of their earnings to the Civil Service Retirement Fund. The House also contributes an amount to this fund. FERS, FERS-RAE and FERS-FRAE employees, in addition to paying Social Security, contribute a portion of their base earnings to the FERS, FERS-RAE and FERS-FRAE retirement funds. The House also contributes an amount toward the FERS, FERS-RAE and FERS-FRAE retirement and Social Security funds.

FERS, FERS-RAE, FERS-FRAE and CSRS employees can contribute to the Thrift Savings Plan (TSP) up to the IRS limit. FERS, FERS-RAE and FERS-FRAE employees also receive an automatic one percent House-paid contribution, as well as an additional House matching TSP contribution up to five percent of their basic pay. CSRS employee contributions to TSP do not receive matching House contributions. FERS, FERS-RAE and FERS-FRAE employees could receive benefits from the basic FERS annuity, the Social Security System, and TSP. CSRS employees could receive benefits from CSRS and TSP. Post-employment retirement, health, and life insurance benefits are not reported by the House, rather they are reported by OPM. (*See Note 12*)

M. Net Position

Unexpended Appropriations

Unexpended Appropriations includes the portion of the House's appropriations represented by undelivered orders and unobligated balances. The amount of unexpended appropriations reported on the Balance Sheet should equal the amount of unexpended appropriations reported on the Statement of Changes in Net Position.

Appropriations are not considered expended until goods have been received or services have been rendered. The House has single, multi and no-year appropriations. Multi-year appropriations consist of 15-month, 18-month, and 27-month multi-year funding. Funds cancel two years after expiration and are no longer available for obligation or expenditure for any purpose and are returned to the U.S. Treasury.

Cumulative Results of Operations

Cumulative Results of Operations includes the net results of operations since inception plus the cumulative amount of prior period adjustments. The amount of cumulative results of operations reported on the Balance Sheet should equal the amount of cumulative results of operations reported on the Statement of Changes in Net Position.

N. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, as well as the disclosure of contingent assets and liabilities at the date of the financial statements, and the amount of revenue and expense reported during the period. Actual results could differ from those estimates.

NOTE 2 – FUND BALANCE WITH THE U.S. TREASURY, CASH AND OTHER MONETARY ASSETS

Fund Balance with Treasury (FBWT) as of September 30, 2015 and 2014:

Fund Balance with Treasury		**2015**		**2014**
General and Other Funds				
House Maintained	$	270,798,041	$	224,580,024
Congressional Use of Foreign Currency		15,730,542		22,589,531
Total General and Other Funds		286,528,583		247,169,555
Revolving Funds		33,296,167		31,412,967
Total	**$**	**319,824,750**	**$**	**278,582,522**

Status of Fund Balance with Treasury as of September 30, 2015 and 2014:

Status of Fund Balance with Treasury		**2015**		**2014**
Unobligated Balance				
Available	$	223,072,499	$	182,011,041
Unavailable		10,920,818		10,845,019
Obligated Balance not yet Disbursed		86,602,281		85,704,477
Non-Budgetary FBWT*		(770,848)		21,985
Total	**$**	**319,824,750**	**$**	**278,582,522**

*Represents deposit funds held at the U.S. Treasury.

Cash and Other Monetary Assets as of September 30, 2015 and 2014:

Cash and Other Monetary Assets		**2015**		**2014**
Cash on Hand	$	6,079	$	2,655
Total	**$**	**6,079**	**$**	**2,655**

Funds that were canceled and returned to the U.S. Treasury as of September 30, 2015 and 2014:

Appropriations		**2015**		**2014**
2014 (single year)	$	404,349	$	-
2013 (single year)		7,940,850		523,128
2012 (single year)		-		1,450,089
2012/2013 (multi-year)		26,090		-
2011/2013 (multi-year)		336,543		-
Total	**$**	**8,707,832**	**$**	**1,973,217**

NOTE 3 – ACCOUNTS RECEIVABLE, NET

Accounts Receivable, Net as of September 30, 2015 and 2014:

Accounts Receivable, Net	2015	2014
Intragovernmental		
Accounts Receivable	$ 142,760	$ 66,614
Total Intragovernmental	142,760	66,614
With the Public		
Accounts Receivable	515,632	399,537
Allowance for Doubtful Accounts	(13,343)	(28,654)
Total With the Public	502,289	370,883
Total	**$ 645,049**	**$ 437,497**

NOTE 4 – INVENTORY AND RELATED PROPERTY, NET

Inventory and Related Property, Net as of September 30, 2015 and 2014:

Inventory and Related Property, Net	2015	2014
Operating Materials and Supplies Held for Use	$ 434,514	$ 401,479
Inventory Purchased for Resale	769,701	795,744
Total	**$ 1,204,215**	**$ 1,197,223**

NOTE 5 – GENERAL PROPERTY AND EQUIPMENT, NET

General Property and Equipment, Net as of September 30, 2015 and the related depreciation and amortization expense:

2015 Classes of Property and Equipment	Service Life (Years)	Acquisition Cost	Accumulated Depreciation	Net Book Value	Depreciation Expense
Work in Process	N/A	$ 2,862,984	$ -	$ 2,862,984	$ -
Computer Software in Development	N/A	88,841	-	88,841	-
Computer Software and Hardware	3/5	85,396,522	73,300,719	12,095,803	7,709,626
Equipment	5	46,790,775	38,525,504	8,265,271	3,359,702
Motor Vehicles	5	10,915,661	10,783,334	132,327	272,834
Furnishings and Other Equipment	10	979,175	632,957	346,218	66,714
Leasehold Improvements	10	9,085,375	9,012,922	72,453	196,400
Total		**$ 156,119,333**	**$ 132,255,436**	**$ 23,863,897**	**$ 11,605,276**

General Property and Equipment, Net as of September 30, 2014 and the related depreciation and amortization expense:

2014 Classes of Property and Equipment	Service Life (Years)	Acquisition Cost	Accumulated Depreciation	Net Book Value	Depreciation Expense
Work in Process	N/A	$ 1,099,623	$ -	$ 1,099,623	$ -
Computer Software in Development	N/A	-	-	-	-
Computer Software and Hardware	3/5	86,970,444	77,104,142	9,866,302	9,377,376
Equipment	5	45,077,786	37,538,706	7,539,080	5,796,580
Motor Vehicles	5	10,532,139	10,510,499	21,640	66,085
Assets Under Capital Lease	10	-	-	-	33,862
Furnishings and Other Equipment	10	1,240,517	827,585	412,932	72,754
Leasehold Improvements	10	9,085,375	8,816,522	268,853	210,352
Total		**$ 154,005,884**	**$ 134,797,454**	**$ 19,208,430**	**$ 15,557,009**

NOTE 6 – STEWARDSHIP PROPERTY AND EQUIPMENT

Physical counts for collection-type heritage assets as of September 30, 2015 and 2014:

Heritage Assets	2014	Additions	Withdrawals	2015
Artwork	334	11	-	345
Artifacts	5,731	2,054	1	7,784
Total	**6,065**	2,065	1	**8,129**

The House's heritage assets are directly related to its mission to document and preserve the legislative integrity and traditions of the institution. Permanent authority for the Clerk of the House originated in the opening days of the First Congress, when John Beckley was elected Clerk on April 1, 1789, pursuant to Article I of the Constitution: "The House of Representatives shall chuse (sic) their Speaker and other Officers…." The Clerk's responsibilities to document and preserve the activities of Congress have grown over the centuries, and are found in Rules VII and XI of the House, and by the Rules of the House of Representatives Fine Arts Board, established via 40 USC Sec. 188c (Public Law 100-696 [Title X]).

The House's stewardship responsibility for its heritage assets includes those in or associated with the House, its legislative history, Members and institutional heritage. Under the provisions of the House of Representatives Fine Arts Board, the Clerk is responsible for the administration, maintenance, and display of the works of fine art and other similar property of the Congress for display or for other use in the House wing of the Capitol, the House Office Buildings, or any other location under the control of the House in accordance with Public Law 100-696. The House's heritage assets are curated by the House Curator in the Clerk's Office of History and Preservation. The House Curator maintains records, both paper and electronic, for works of art and artifacts. Staff and resources are devoted to the conservation and preservation of heritage assets, using professional standards established by the American Institute for Conservation and the National Archives and Records Administration. These standards provide for cleaning, storing, displaying, handling and protecting the House's heritage assets.

The House acquires heritage assets by purchase, transfer from Federal entities, gift, or by provision of federal law. Prior to acquiring these assets, the House Curator, on behalf of the Clerk and the House of Representatives Fine Arts Board, ensures they meet minimum standards as required by the American Association of Museum's ethics guidelines and standards and best practices for accessioning of objects into museum collections. The House's collections continue to increase as it acquires additional assets and few items have been retired or disposed of to date.

Deaccessioning of objects and related withdrawals or disposals will only occur if the House Curator, in accordance with the American Association of Museum's guidelines and best practices, determines the asset is in irretrievable condition; does not meet the needs of the collection; or should be withdrawn due to exchange or gift of unwanted or duplicate copies. Staff ensure that heritage assets remain in good condition, carefully preserving and saving these treasures for present and future generations.

The Required Supplementary Information section of this report provides additional information on the condition of stewardship P&E.

Descriptions of the types of heritage assets are:

Artwork

The House's artwork encompasses oil and acrylic paintings, works on paper, and sculpture in bronze, marble and other media.

Artifacts

The House's historical artifacts include objects in all media, including but not limited to paper, metal, plaster, wood, textile and stone.

NOTE 7 – ADVANCES AND PREPAYMENTS

Advances and Prepayments as of September 30, 2015 and 2014:

Advances and Prepayments	2015		2014	
Intragovernmental	$	602,149	$	169,759
Public		9,387,281		4,639,201
Total	**$**	**9,989,430**	**$**	**4,808,960**

NOTE 8 – LIABILITIES

Liabilities are classified as either current or non-current. Current liabilities refer to liabilities that are expected to settle within 12 months of the Balance Sheet date. Non-current refers to liabilities that are expected to settle more than 12 months of the Balance Sheet date.

Liabilities Covered and not Covered by Budgetary Resources as of September 30, 2015:

Liabilities	Liabilities Covered by Budgetary Resources		Liabilities Not Covered by Budgetary Resources		
	Current	Non-Current	Current	Non-Current	2015
Intragovernmental Liabilities					
Accounts Payable	$ 3,100,879	$ -	$ -	$ -	$ 3,100,879
Advances from Others	803,684	-	-	-	803,684
	3,904,563	-	-	-	3,904,563
Other Liabilities					
Withholdings Payable	365	-	-	-	365
Accrued Benefits	1,393,648	-	-	-	1,393,648
Accrued Workers' Compensation	2,922,492	-	-	-	2,922,492
Unemployment Compensation	375,662	-	-	-	375,662
Deposit Fund Liability - Federal	(767,438)	-	-	-	(767,438)
Liabilities for Non-Entity Assets	210,416	-	-	-	210,416
Total Other Liabilities	4,135,145	-	-	-	4,135,145
Total Intragovernmental Liabilities	8,039,708	-	-	-	8,039,708
Public Liabilities					
Accounts Payable	20,918,323	-	-	-	20,918,323
Actuarial FECA Liability	-	-	-	32,427,866	32,427,866
Accrued Payroll and Benefits	6,763,623	-	-	-	6,763,623
Unfunded Accrued Annual Leave	-	-	-	7,321,389	7,321,389
Other Liabilities	36,374	-	-	-	36,374
Total Public Liabilities	27,718,320	-	-	39,749,255	67,467,575
Total	**$ 35,758,028**	**$ -**	**$ -**	**$ 39,749,255**	**$ 75,507,283**

Liabilities Covered and not Covered by Budgetary Resources as of September 30, 2014:

Liabilities	Liabilities Covered by Budgetary Resources		Liabilities Not Covered by Budgetary Resources		
	Current	Non-Current	Current	Non-Current	2014
Intragovernmental Liabilities					
Accounts Payable	$ 4,529,826	$ -	$ -	$ -	$ 4,529,826
Advances from Others	603,219	-	-	-	603,219
	5,133,045	-	-	-	5,133,045
Other Liabilities					
Accrued Benefits	1,462,263	-	-	-	1,462,263
Accrued Workers' Compensation	556,003	-	-	-	556,003
Unemployment Compensation	200,000	-	-	-	200,000
Deposit Fund Liability - Federal	(15,526)	-	-	-	(15,526)
Liabilities for Non-Entity Assets	158,858	-	-	-	158,858
Total Other Liabilities	2,361,598	-	-	-	2,361,598
Total Intragovernmental Liabilities	7,494,643	-	-	-	7,494,643
Public Liabilities					
Accounts Payable	23,158,599	-	-	-	23,158,599
Actuarial FECA Liability	-	-	-	35,349,785	35,349,785
Accrued Payroll and Benefits	6,522,459	-	-	-	6,522,459
Unfunded Accrued Annual Leave	-	-	-	7,125,969	7,125,969
Other Liabilities	77,556	-	-	-	77,556
Total Public Liabilities	29,758,614	-	-	42,475,754	72,234,368
Total	**$ 37,253,257**	**$ -**	**$ -**	**$ 42,475,754**	**$ 79,729,011**

NOTE 9 – LEASE COMMITMENTS

OPERATING LEASES: Future Operating Lease Payments Due as of September 30, 2015:

Year	Building Structures	Vehicles	Office Space	Parking	Total
2016	$ 505,445	$ 409,650	$ 22,844,510	$ 251,724	$ 24,011,329
2017	516,740	89,114	5,675,464	61,818	6,343,136
2018	528,299	1,210	-	-	529,509
2019	540,127	-	-	-	540,127
2020	552,231	-	-	-	552,231
Thereafter	1,877,453	-	-	-	1,877,453
Total	**$ 4,520,295**	**$ 499,974**	**$ 28,519,974**	**$ 313,542**	**$ 33,853,785**

The House maintains operating leases for building structures, vehicles and district office space and parking. The lease agreements are in accordance with House rules and regulations and agreed upon vendor terms and conditions. In accordance with the Members' Congressional Handbook, the House requires that leases entered into by Members for space be no longer than the elected term of the Member. Members and Officers also enter into leases to rent vehicles for official business purposes. A Member may lease a vehicle for a period that exceeds the current congressional term, but the Member remains personally responsible for the lease liability if service to the House concludes prior to lease termination. Operating lease payments are recorded as expenses. Future operating lease payments are not accrued as liabilities. Members may lease office space in their districts through the U.S. General Services Administration or may directly lease space from the private sector.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Contingencies should be recognized as a liability when a past transaction or event has occurred, a future outflow or other sacrifice of resources is probable, and the related future outflow or sacrifice of resources is measurable. General contingent liabilities consist of claims filed against the House which are awaiting adjudication. For the purpose of estimating contingent liabilities for the financial statements, the House conducted a review of existing claims for which the likelihood of loss to the House is probable. Additionally, management and the House's General Counsel evaluated the materiality of cases determined to have a reasonably possible chance of an adverse outcome.

The House is currently involved in one legal matter where the sacrifice of resources is probable and the range of the loss cannot be estimated; and one legal matter where the sacrifice of resources is reasonably possible, but the likelihood of an unfavorable outcome or the range of the loss cannot be predicted. Therefore, a contingent liability was not recorded and there is no impact to the financial statements.

Management believes all other claims are immaterial with respect to the House's financial statements. Under law, any settlement of claims litigated in court would be settled by Treasury's Judgment Fund.

NOTE 11 – INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE

Intragovernmental Costs and Exchange Revenue for the Years Ended September 30, 2015 and 2014:

Intragovernmental Costs and Exchange Revenue	2015	2014
Legislative Activities		
Intragovernmental Costs	$ 504,774,083	$ 522,658,990
Public Costs	960,792,155	962,568,515
Total Costs	1,465,566,238	1,485,227,505
Intragovernmental Earned Revenue	(4,133,978)	(4,808,424)
Public Earned Revenue	(421,658)	(554,109)
Total Earned Revenue	(4,555,636)	(5,362,533)
Net Program Costs	1,461,010,602	1,479,864,972
Revolving Fund Activities		
Intragovernmental Costs	172,100	152,393
Public Costs	2,342,757	1,812,658
Total Costs	2,514,857	1,965,051
Intragovernmental Earned Revenue	(1,958,984)	(1,957,655)
Public Earned Revenue	(2,588,126)	(2,778,807)
Total Earned Revenue	(4,547,110)	(4,736,462)
Net Program Costs	(2,032,253)	(2,771,411)
Total		
Intragovernmental Costs	504,946,183	522,811,383
Public Costs	963,134,912	964,381,173
Total Costs	1,468,081,095	1,487,192,556
Intragovernmental Earned Revenue	(6,092,962)	(6,766,079)
Public Earned Revenue	(3,009,784)	(3,332,916)
Total Earned Revenue	(9,102,746)	(10,098,995)
Net Cost of Operations	**$ 1,458,978,349**	**$ 1,477,093,561**

NOTE 12 – PERSONNEL AND BENEFITS COMPENSATION

Personnel and Benefits Compensation for the Years Ended September 30, 2015 and 2014:

Member and Employee Personnel and Benefits Compensation	2015	2014
Personnel Compensation	$ 740,761,368	$ 731,485,118
Retirement Plan Contributions	149,543,129	140,066,298
Social Security	51,793,753	50,799,657
Health Insurance	40,316,499	46,845,084
Student Loan/Fitness Center Programs	14,283,424	14,542,300
Unemployment and Workers' Compensation	3,922,581	2,718,388
Transit Benefits	2,233,078	2,322,577
Life Insurance	1,091,234	1,081,786
Death Benefits	890,476	901,349
Annual Leave	195,420	(793,519)
Allowances	25,000	25,000
Workers' Compensation Actuarial Adjustment	(2,921,919)	(3,157,150)
Total	**$ 1,002,134,043**	**$ 986,836,888**

NOTE 13 – EMERGENCY PREPAREDNESS

The House continues to develop contingency plans and capabilities to ensure the continuation of essential House Operations in the occurrence of a disruptive event. Approximately $17 million and $16 million were expended in 2015 and 2014, respectively.

NOTE 14 – EXCHANGE REVENUES

In certain cases, the prices charged by the House for the sale of goods and services are set by House rules and regulations, which for program and other reasons may not represent full cost. In other cases, prices set for goods and services are intended to recover the full costs incurred by these activities (e.g., child care fees, postal fees, and Gift Shop sales to the public).

NOTE 15 – IMPUTED FINANCING FROM COST ABSORBED BY OTHERS

The House must recognize an imputed cost and imputed financing source for costs associated with the occupancy of the U.S. Capitol, House office buildings, and the O'Neill Federal Building; a portion of Federal Employee and Veterans' Benefits; and settlement of claims and litigation paid by Treasury's Judgment Fund. During FY 2015, the House offices continued expansion to the O'Neill Federal Building due to planned renovations in the Cannon House Office Building. The imputed cost is recognized in the Statement of Net Cost and the imputed financing source is recognized in the Statement of Changes in Net Position.

Imputed Financing from Cost Absorbed by Others for the Years Ended September 30, 2015 and 2014:

Imputed Cost and Financing Source		**2015**		**2014**
Occupancy Costs	$	176,560,336	$	176,042,979
Federal Employee and Veteran's Benefits				
Current Service Cost - Federal Employee Health Benefits		35,986,020		33,783,292
Current Service Cost - Federal Pensions		15,423,645		28,764,007
Current Service Cost - Federal Employee Group Life Insurance		107,041		106,693
Total Federal Employee and Veteran's Benefits		51,516,706		62,653,992
Claims to be Paid by the U.S. Treasury's Judgment Fund on Behalf of the House		-		2,500,000
Total	**$**	**228,077,042**	**$**	**241,196,971**

NOTE 16 – UNDELIVERED ORDERS AT THE END OF THE PERIOD

Undelivered Orders represent the amount of paid and unpaid orders for goods and services ordered which have not been received.

Undelivered Orders as of September 30, 2015 and 2014:

Undelivered Orders at the End of the Period		**2015**		**2014**
Undelivered Orders, Unpaid	$	51,127,548	$	49,275,328
Undelivered Orders, Paid		9,989,430		4,808,960
Total	**$**	**61,116,978**	**$**	**54,084,288**

NOTE 17 – PERMANENT INDEFINITE APPROPRIATIONS

A permanent and indefinite appropriation is a standing appropriation which, once made, is always available for specified purposes and does not require repeated action by Congress to authorize its use. Legislation authorizing an agency to retain and use offsetting receipts tends to be permanent; if so, it is a form of permanent appropriation. This appropriation is for an unspecified amount of money; and may appropriate all or part of the receipts from certain sources, the specific amount of which is determinable only at some future date, or it may appropriate "such sums as may be necessary" for a given purpose.

The House has two permanent and indefinite appropriations. These appropriations include the Compensation of Members and Related Administrative Expenses, and Congressional Use of Foreign Currency.

Compensation of Members and Related Administrative Expenses is maintained and administered by the House. Public Law 97-51, Sec. 130(c), Oct. 1, 1981, 95 Stat. 966, *Appropriation of funds for Compensation of Members of Congress and for Administrative Expenses at Levels Authorized by Law and Recommended by the President for Federal Employees*, establishes the appropriation to fund the payroll and benefits compensation for Members of Congress and related administrative expenses in support of administering the fund.

Congressional Use of Foreign Currency is maintained and administered by the Department of State on behalf of the House. This account, which was established in 1948 and made permanent in 1981, is authorized by legislation codified in Title 22, Sec. 1754 of the United States Code. The funds are available to Congressional Committees and delegations to cover local currency expenses incurred while traveling abroad. Use of the foreign currency account for Congressional delegations and other official foreign travel of the House is authorized by either the Speaker of the House or the chairman of a Standing, Special and Select, or Joint Committee.

NOTE 18 – EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT

The Budget of the U.S. Government with actual amounts has not been published as of September 30, 2015. This document will be available in February 2016.

Differences between the Statement of Budgetary Resources and the Budget of the U.S. Government as of September 30, 2014:

Differences between the Statement of Budgetary Resources and the Budget of the U.S. Government	Budgetary Resources	Net Outlays
Statement of Budgetary Resources	$ 1,295,494,000	$ 1,233,068,618
Difference	506,000	(68,618)
Budget of the U.S. Government	**$ 1,296,000,000**	**$ 1,233,000,000**

The House deems the variances between the amounts reported in the Statement of Budgetary Resources and the actual amounts reported in the Budget of the U.S. Government for budgetary resources and net outlays to be immaterial and/or insignificant. As such, reconciliation of this item is not necessary and therefore not included.

NOTE 19 – RECONCILIATION OF BUDGETARY RESOURCES OBLIGATED TO NET COST OF OPERATIONS

For the Years Ended September 30, 2015 and 2014:

	2015	2014
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	$ 1,270,578,816	$ 1,268,889,233
Spending Authority from Offsetting Collections and Recoveries	(24,867,905)	(27,342,224)
Obligations Net of Offsetting Collections and Recoveries	1,245,710,911	1,241,547,009
Net Obligations	1,245,710,911	1,241,547,009
Other Resources		
Imputed Financing from Costs Absorbed by Others	228,077,042	241,196,971
Net Other Resources Used to Finance Activities	228,077,042	241,196,971
Total Resources Used to Finance Activities	1,473,787,953	1,482,743,980
Resources Used to Finance Items not Part of the Net Cost of Operations:		
Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but not Yet Provided	(6,832,225)	(9,119,006)
Resources that Finance the Acquisition of Assets	(17,639,009)	(9,046,039)
Other Resources or Adjustments to Net Obligated Resources that do not affect Net Cost	(428,856)	(332,963)
Total Resources Used to Finance Items not Part of the Net Cost of Operations	(24,900,090)	(18,498,008)
Total Resources Used to Finance the Net Cost of Operations	$ 1,448,887,863	$ 1,464,245,972
Components of Net Cost of Operations That will not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods:		
Increase/(Decrease) in Actuarial Liability	$ (2,921,919)	$ (3,157,150)
Increase/(Decrease) in Annual Leave Liability	195,420	(793,519)
Other	(207,554)	111,038
Total Components of Net Cost of Operations Requiring or Generating Resources in Future Periods	(2,934,053)	(3,839,631)
Components not Requiring or Generating Resources:		
Depreciation and Amortization	11,605,276	15,557,009
Revaluation of Assets or Liabilities	40,811	155,897
Other	1,378,452	974,314
Total Components of Net Cost of Operations not Requiring or Generating Resources	13,024,539	16,687,220
Total Components of Net Cost of Operations that will not Require or Generate Resources in the Current Period	10,090,486	12,847,589
Net Cost of Operations	**$ 1,458,978,349**	**$ 1,477,093,561**

Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION

Stewardship Property and Equipment

The U.S. House of Representatives (House) collection of heritage assets includes historical artwork and artifacts that reflect the rich heritage and evolving nature of the House. The institution mirrors the changing face and history of the nation. These ideals and trials of our history are also expressed in the heritage assets whose subject matter includes prominent Americans and other distinguished individuals, significant moments in history, and symbolic representations of the nation's rich and diverse history.

The House's Curator manages and cares for the House's collection of works of art and artifacts under its jurisdiction which are located throughout the U.S. Capitol complex including House office buildings and other locations under the control of the House. Since these locations are not in a museum setting, works of art and artifacts may be subject to damage from contact and surface deposits. However, it is the House's goal to preserve its heritage assets and manage the condition in accordance with the intended usage of the collection. The House conducts periodic assessments to monitor, inspect and evaluate the condition of the heritage assets to determine the current condition for preservation or restoration efforts. These assessments are performed in accordance with House established practice and professional standards. General conditions are categorized as excellent, good, fair and poor. The House has determined its heritage assets to be in good to excellent condition.

The following tables present the general condition of the House's heritage assets and indicate an aggregate condition of the collection as of September 30, 2015:

Heritage Asset Collection - Artwork

General Condition	2014	Increase	Decrease	2015
Good to Excellent	334	11	-	345

The works of art include oil and acrylic paintings, works on paper, and sculpture in bronze, marble and other media. These items range from portraits and historical documents to statues and other works of art.

Examples of the House's collection of works of art include:

Oil Paintings

The House's collection of oil paintings primarily consists of the portraits of House of Representatives' Speakers and Committee Chairmen. An example includes that of Speaker Henry Clay by Guiseppe Fagnani in 1852. His portrait was the first of what became the Speaker's portrait series in the House Collection. This portrait series became official with House Resolution 164 in 1910, which decreed that the service of every speaker be commemorated with an oil portrait. All Speaker portraits hang in the Speaker's Lobby and in the East and West Chamber stairways that adjoin it.

Acrylic Paintings

The House's collection of acrylic paintings includes Committee portraits painted in acrylic on canvas. One such example is the portrait of former Chairman of the Committee on Appropriations, George Mahon.

Works on Paper

The House's collection of works on paper includes items such as an early 19th century sketch of Speaker Jonathan Dayton.

Sculptures

The House's collection of sculptures includes items such as several marble busts of former Speakers of the House, including Speakers Thomas B. Reed, Joseph G. Cannon, James Beauchamp Clark, and Nicholas Longworth.

Heritage Asset Collection - Artifacts

General Condition	2014	Increase	Decrease	2015
Good to Excellent	5,731	2,054	1	7,784

The artifacts include items in various types of media, including but not limited to paper, metal, plaster, wood, textile and stone. These items range from photographs and other historical images, literature (e.g., newspapers, magazines, and handbills), and political campaign buttons to engravings, furniture, and other types of historical artifacts.

Examples of the House's collection of artifacts include:

Paper

The House's collection of paper artifacts include items such as photographs of the House of Representatives Chamber in 1937; Visitor's Gallery passes from various Representatives from the early 1900's; detail of a tally sheet of the February 9, 1825 Electoral College vote from the records of the U.S. House of Representatives with the names of Andrew Jackson of Tennessee, John Quincy Adams of Massachusetts, William H. Crawford of Georgia, and Henry Clay of Kentucky appearing written in longhand; and Campaign Cards and other memorabilia of various Representatives dating back to the early 1900s.

Metal

The House's collection of metal artifacts includes items such as an artifact of the House Chamber, the historic inkwell that sits on the Speaker's desk when the House is in session, which dates back to the 19th century. The inkwell is known to have been used as long ago as 1821 in the Old Hall of the House before the Members moved to the present chamber.

Plaster

The House's collection of plaster artifacts include items such as several small 1932 busts of George Washington, presented to Members of Congress on the bicentennial of the first president's birth.

Wood

The House's collection of wood artifacts includes items such as the gavel used by Speaker Nancy Pelosi to open the 110th Congress as the first woman to serve as the House's presiding officer; and an 1819 desk and chair from the House Chamber.

Textile

The House's collection of textile artifacts includes items such as a recent House Page uniform, donated to the collection by a former Page.

Stone

The House's collection of stone artifacts includes items such as a small piece of the U.S. Capitol East front stairs.

Other Information

COMBINED SCHEDULE OF SPENDING

For the Years Ended September 30, 2015 and 2014

	2015	2014 (Reclassify)
What Money is Available to Spend?		
Total Resources	$ 1,504,572,133	$ 1,461,745,293
Less Amount Available but Not Agreed to be Spent	(223,072,499)	(182,011,041)
Less Amount Not Available to be Spent	(10,920,818)	(10,845,019)
Total Amounts Agreed to be Spent	**$ 1,270,578,816**	**$ 1,268,889,233**
How was the Money Spent/Issued?		
Personnel Compensation & Benefits	$ 1,006,282,580	$ 994,059,412
Contracts	97,689,105	76,111,096
Other	166,607,131	198,718,725
Total Amounts Agreed to be Spent	**$ 1,270,578,816**	**$ 1,268,889,233**
Who did the Money go to?		
Federal	$ 295,715,313	$ 300,824,257
Non-Federal	974,863,503	968,064,976
Total Amounts Agreed to be Spent	**$ 1,270,578,816**	**$ 1,268,889,233**

The FY 2014 Schedule of Spending was reclassified for the following section:

Who did the Money go to? - to accurately reclassify approximately $20M of transactions that were initially recorded in the 'Federal' line item, but were later discovered to be 'Non-Federal' type items based on a review of the supporting documentation while performing a similar analysis for the FY 2015 Schedule of Spending.

OIG

U.S. House of Representatives

OFFICE OF INSPECTOR GENERAL