



UNITED STATES CAPITOL POLICE
OFFICE OF INSPECTOR GENERAL



INDEPENDENT AUDITORS' REPORT
FINANCIAL STATEMENTS
FOR FISCAL YEAR 2024

Report Number: OIG-2025-05

Date: December 2024

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UNITED STATES CAPITOL POLICE


WASHINGTON, DC 20510

INSPECTOR GENERAL

December 13, 2024

MEMORANDUM

TO: J. Thomas Manger
Chief of Police

FROM: David T. Harper
Inspector General 

SUBJECT: *Independent Auditors' Report Financial Statements for Fiscal Year 2024*
(Report Number: OIG-2025-05)

Attached for your information is the subject report. The Office of Inspector General's (OIG's) contracted independent public accounting firm, Sikich CPA LLC (Sikich), has audited the United States Capitol Police's (USCP or Department) financial statements for the year ended September 30, 2024.

In accordance with Statement on Auditing Standards 122, AU-C Section 260, *The Auditor's Communication with Those Charged with Governance*, Sikich has communicated to USCP management all control deficiencies noted during the audit.

The audit objective was to express an opinion on the fairness of the financial statements in all material respects. The audit was conducted in accordance with *Government Auditing Standards*.

Report on the Financial Statements - upon which Sikich rendered an unmodified opinion that the Department's financial statements present fairly, in all material respects, the financial position of the Department as of September 30, 2024, and its net costs, changes in net position, and budgetary resources for the year then ended in conformity with accounting principles generally accepted in the United States.

Report on Internal Control over Financial Reporting in which Sikich issued one significant deficiency related to internal controls over financial reporting.

Independent Auditors' Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements, upon which OIG identified no instances of noncompliance with certain provisions of laws and regulations tested.

On December 6, 2024, OIG provided a draft report for comment, and incorporated Department comments as applicable.

I would like to express my appreciation for the cooperation and assistance provided by the Department during this effort. If you have any questions regarding this report, please contact me.

Chief of Police – J. Thomas Manger

December 13, 2024

Page two

Attachment: As stated.

cc: Mr. Timothy Blodgett, Chief of Staff
Assistant Chief Jason R. Bell, Standards and Training Operations
Assistant Chief Ashan M. Benedict, Protective and Intelligence Operations
Assistant Chief Sean Gallagher, Uniformed Operations
Mr. Thomas A. DiBiase, General Counsel
Ms. Magdalena Boynton, Chief Administrative Officer
[REDACTED] Audit Liaison
[REDACTED] Executive Assistant

Abbreviations and Acronyms

Federal Accounting Standards Advisory Board	FASAB
Fiscal Year	FY
Generally Accepted Auditing Standards	GAAS
Generally Accepted Government Auditing Standards	GAGAS
Information Technology	IT
Management Discussion & Analysis	MD&A
National Institute of Standards and Technology	NIST
Office of Inspector General	OIG
Office of Management and Budget	OMB
Required Supplementary Information	RSI
Risk Management Framework	RMF
Sikich CPA LLC	Sikich
United States Capitol Police	USCP or Department



Section 1: Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

To The United States Capitol Police Board

In our audit of the fiscal year 2024 financial statements of the United States Capitol Police (USCP or Department), we found:

- The financial statements as of and for the fiscal year ended September 30, 2024, 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 based on the limited procedures we performed;
- A significant deficiency in internal control over financial reporting as of September 30, 2024; and
- No reportable noncompliance for fiscal year 2024 with provisions of applicable laws, regulations, contracts, and grant agreements that we tested.

The following sections contain:

1. Our report on USCP's financial statements, including an other-matters paragraph related to the prior-period financial statements having been audited by a predecessor auditor, and required supplementary information (RSI).
2. Other reporting required by *Government Auditing Standards*, which is our report on USCP's (a) internal control over financial reporting and (b) compliance and other matters. This section also includes a summary of USCP's comments on our report.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of USCP, which comprise the balance sheet as of September 30, 2024, and the related statements of net cost, changes in net position, and budgetary resources for the fiscal year then ended, and the related notes to the financial statements (collectively, the basic financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of USCP as of September 30, 2024, and its net cost of operations, changes in net position, and budgetary resources for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); standards applicable to financial statement audits contained in Generally Accepted Government Auditing Standards (GAGAS), issued by the Comptroller General of the United States; and guidance contained in Office of Management and Budget (OMB) Bulletin 24-02, *Audit Requirements for Federal Financial Statements*. Our responsibilities under those standards and OMB Bulletin 24-02 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements subsection of our report. We are required to be independent of USCP and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

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

Other Matters

USCP's financial statements as of and for the year ended September 30, 2023, were audited by other auditors, whose Independent Auditors' Report thereon dated December 15, 2023, expressed an unmodified opinion on those financial statements. We were not engaged to audit, review, or apply any procedures to USCP's fiscal year 2023 financial statements as a part of the FY 2024 audit and, accordingly, we do not express an opinion or any other form of assurance on the fiscal year 2023 financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for (1) the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles; (2) the preparation, measurement, and presentation of the RSI in accordance with U.S. generally accepted accounting principles; and (3) the design, implementation, and maintenance of effective internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, GAGAS, and OMB guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgments made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, GAGAS, and OMB guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of USCP's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America and OMB Circular No. A-136, *Financial Reporting Requirements*, require that the Management's Discussion and Analysis (MD&A) and other required supplementary information be presented to supplement the basic financial statements. Such required supplementary information is the responsibility of management and, although not a part of the basic financial statements, is required by the Federal Accounting Standards Advisory Board (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 audit of the basic financial statements. We did not audit and we do not express an opinion or provide any assurance on the information because the limited procedures we applied do not provide us with sufficient evidence to express an opinion or provide any assurance.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS**Report on Internal Control over Financial Reporting and on Compliance and Other Matters*****Internal Control over Financial Reporting***

In connection with our audit of USCP's financial statements, we considered USCP's internal control over financial reporting, consistent with our auditors' responsibilities discussed below.

Results of Our Consideration of Internal Control over Financial Reporting

Our consideration of internal control over financial reporting was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of USCP's internal control over financial reporting. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over financial reporting that we consider to be a significant deficiency, described below [REDACTED].

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 combination of deficiencies, in internal control over financial reporting, 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 over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our fiscal year 2024 audit, we identified deficiencies in USCP's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant USCP's management's attention. We have communicated these matters to USCP management and, where appropriate, will report on them separately.

Basis for Results of Our Consideration of Internal Control over Financial Reporting

We performed our procedures related to USCP's internal control over financial reporting in accordance with GAGAS.

Responsibilities of Management for Internal Control over Financial Reporting

USCP management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for Internal Control over Financial Reporting

In planning and performing our audit of USCP's financial statements as of and for the fiscal year ended September 30, 2024, in accordance with GAGAS, we considered USCP's internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of USCP's internal control over financial reporting. Accordingly, we do not express an opinion on USCP's internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of USCP's internal control over financial reporting and the results of our procedures, and not to provide an opinion on the effectiveness of USCP's internal control over financial reporting. This report is an integral part of an audit performed in accordance with GAGAS in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

Compliance and Other Matters

In connection with our audit of USCP's financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditors' responsibilities discussed below.

Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2024 that would be reportable under GAGAS. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to USCP. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with GAGAS. Our responsibilities under those standards are further described in the Auditors' Responsibilities for Tests of Compliance subsection below.



Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreements

USCP management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to USCP.

Auditors' Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements that have a direct effect on the determination of material amounts and disclosures in USCP's financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to USCP. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with GAGAS in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

USCP's Comments

USCP's response to this report is included in Appendix B. USCP did not have any substantial comments. We did not audit USCP's comments, and accordingly, we express no opinion on the comments.

Sikich CPA LLC

Alexandria, VA
December 13, 2024

APPENDIX B: USCP's COMMENTS



PHONE: 202-224-6806

UNITED STATES CAPITOL POLICE


OFFICE OF THE CHIEF
119 D STREET, NE
WASHINGTON, DC 20510-7218

December 10, 2024

COP 241374

MEMORANDUM

TO: David T. Harper
Inspector General

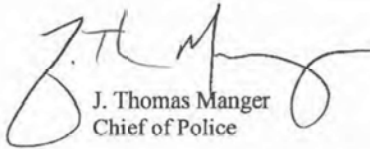
FROM: J. Thomas Manger 
Chief of Police

SUBJECT: Response to Office of Inspector General Draft Report *Independent Auditor's Report Financial Statements for Fiscal Year 2024* (Report No. OIG-2025-05)


Thank you for the opportunity to review and comment on the Office of Inspector General Draft Report *Independent Auditor's Report Financial Statements for Fiscal Year 2024*.

The USCP does not have any substantive comments on the Draft Report. We appreciate the efforts of the Office of Inspector General and the independent auditor Sikich throughout the financial audit process. We will continue to strive for improvements in the areas noted in the Draft Report and appreciate your valuable input.

Very respectfully,



J. Thomas Manger
Chief of Police

cc: Ashan M. Benedict, Assistant Chief of Police for Protective & Intelligence Operations
Jason R. Bell, Assistant Chief of Police for Standards and Training Operations
Sean P. Gallagher, Assistant Chief of Police for Uniformed Operations
Magdalena Boynton, Chief Administrative Officer
 Program Manager/Audit Liaison



Section 2: United States Capitol Police’s Fiscal Year 2024 Financial Statements and Management Discussion and Analysis



UNITED STATES CAPITOL POLICE
Financial Statements
For the Years Ended
September 30, 2024 and 2023

UNITED STATES CAPITOL POLICE
Balance Sheets
As of September 30, 2024 and 2023

	2024	2023
ASSETS		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	\$323,664,210	\$316,417,353
Accounts Receivable (Note 4)	2,221,714	1,584,357
Advances and Prepayments (Note 5)	822,280	890,494
Total Intragovernmental	326,708,204	318,892,204
With the Public:		
Cash and Other Monetary Assets	4,000	4,000
Accounts Receivable - Public, Net (Note 4)	399,915	430,965
Property, Plant and Equipment, Net (Note 6)	71,798,002	62,295,320
Advances and Prepayments - Public (Note 5)	6,270,796	2,619,300
Total with the Public	78,472,713	65,349,585
TOTAL ASSETS	\$405,180,917	\$384,241,789
 LIABILITIES		
Intragovernmental:		
Accounts Payable	\$2,152,678	\$2,153,701
Advances from Others and Deferred Revenue	740,292	863,679
Other Liabilities (Note 8 & 9)	9,615,942	13,694,736
Total Intragovernmental	12,508,912	16,712,116
With the Public:		
Accounts Payable	37,976,566	29,341,916
Federal Employee Salary, Leave, and Benefits Payable		
Accrued Salaries	9,845,212	21,640,748
Accrued Unfunded Annual and Compensatory Leave (Note 7)	31,143,980	27,065,414
Actuarial FECA Liabilities (Note 7 & 8)	58,259,690	55,574,537
Accrued Payroll Benefits (Note 8)	382,571	818,726
Other Liabilities (Note 2, 9, & 11)	5,199,840	1,691,827
Total with the Public	142,807,859	136,133,168
TOTAL LIABILITIES	155,316,771	152,845,284
 NET POSITION		
Unexpended Appropriations	217,711,291	200,970,834
Cumulative Results of Operations	32,152,855	30,425,671
TOTAL NET POSITION	249,864,146	231,396,505
TOTAL LIABILITIES AND NET POSITION	\$405,180,917	\$384,241,789

The accompanying notes are an integral part of these financial statements

UNITED STATES CAPITOL POLICE
Statements of Net Cost
For the Years Ended September 30, 2024 and 2023

	2024	2023
MISSION STANCES:		
<u>Assess the Threat</u>		
Gross Costs	\$132,543,318	\$124,470,638
 <u>Prevent</u>		
Gross Costs	240,001,226	142,745,357
 <u>Respond</u>		
Gross Costs	160,516,806	164,286,511
 <u>Support the Mission</u>		
Gross Costs	305,556,327	296,699,459
Less: Earned Revenues	(5,350,095)	(7,936,672)
Net Cost	<u>300,206,232</u>	<u>288,762,787</u>
 NET COST OF OPERATIONS	 <u>\$833,267,582</u>	 <u>\$720,265,293</u>

The accompanying notes are an integral part of these financial statements

UNITED STATES CAPITOL POLICE
Statements of Changes in Net Position
For the Years Ended September 30, 2024 and 2023

	2024	2023
UNEXPENDED APPROPRIATIONS		
Beginning Balance	\$200,970,834	\$145,939,298
Appropriations Received	791,473,000	734,576,000
Other Adjustments	(5,710,260)	(4,243,482)
Appropriations Used	<u>(769,022,283)</u>	<u>(675,300,982)</u>
Net Change in Unexpended Appropriations	16,740,457	55,031,536
TOTAL UNEXPENDED APPROPRIATIONS - ENDING	<u>\$217,711,291</u>	<u>\$200,970,834</u>
CUMULATIVE RESULTS OF OPERATIONS		
Beginning Balance	\$30,425,671	\$21,882,214
Adjustments:	<u>(369,686)</u>	<u>0</u>
Beginning Balances, as Adjusted	30,055,985	21,882,214
Other Adjustments	(847,893)	(197,614)
Appropriations Used	769,022,283	675,300,982
Imputed Financing (Note 12)	67,190,062	53,705,382
Net Cost of Operations	<u>(833,267,582)</u>	<u>(720,265,293)</u>
Net Change in Cumulative Results of Operations	<u>2,096,870</u>	<u>8,543,457</u>
CUMULATIVE RESULTS OF OPERATIONS - ENDING	<u>32,152,855</u>	<u>30,425,671</u>
NET POSITION	<u>\$249,864,146</u>	<u>\$231,396,505</u>

The accompanying notes are an integral part of these financial statements

UNITED STATES CAPITOL POLICE
Statements of Budgetary Resources
For the Years Ended September 30, 2024 and 2023

	2024	2023
BUDGETARY RESOURCES		
Unobligated Balance from Prior Year Budget Authority, Net (Note 13)	\$136,081,841	\$102,116,953
Appropriations	791,473,000	734,576,000
Spending Authority from Offsetting Collections	<u>5,226,708</u>	<u>8,403,104</u>
TOTAL BUDGETARY RESOURCES	<u>\$932,781,549</u>	<u>\$845,096,057</u>
 STATUS OF BUDGETARY RESOURCES		
New obligations and upward adjustments	\$802,954,793	\$729,343,686
Unobligated Balance, End of Year:		
Exempt From Apportionment, Unexpired Accounts	<u>75,790,200</u>	<u>76,632,330</u>
Unexpired Unobligated Balance, End of Year (Note 3)	75,790,200	76,632,330
Expired Unobligated Balance, End of Year (Note 3)	<u>54,036,556</u>	<u>39,120,041</u>
Unobligated Balance, End of Year	129,826,756	115,752,371
TOTAL BUDGETARY RESOURCES	<u>932,781,549</u>	<u>845,096,057</u>
 NET OUTLAYS	<u>\$777,783,781</u>	<u>\$663,649,701</u>

The accompanying notes are an integral part of these financial statements

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Years Ended September 30, 2024 and 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the financial position and budgetary resources of the United States Capitol Police (USCP). The mission of the USCP, an agency in the legislative branch of the federal government, is “To protect the Congress – its Members, employees, visitors, and facilities – so it can fulfill its constitutional and legislative responsibilities in a safe, secure and open environment.” The USCP carries out its mission primarily by providing security for the Capitol and congressional office buildings, providing protective services for Members and dignitaries, installing and operating advanced security systems, and maintaining staff and equipment to respond to emergencies within its geographical jurisdiction. The agency’s resources are organized into executive, operational and administrative, and oversight units as follows:

<p><u>EXECUTIVE</u></p> <ul style="list-style-type: none"> • Office of the Chief of Police <ul style="list-style-type: none"> ○ Office of General Counsel ○ Office of Professional Responsibility • Office of the Chief of Staff <ul style="list-style-type: none"> ○ Liebengood Center for Wellness ○ Office of Accountability and Improvement ○ Office of Equity and Inclusion ○ Public Information Office 	<p><u>OVERSIGHT</u></p> <ul style="list-style-type: none"> • Office of Inspector General
<p><u>OPERATIONAL</u></p> <ul style="list-style-type: none"> • Protective and Intelligence Operations <ul style="list-style-type: none"> ○ Intelligence Services Bureau ○ Protective Services Bureau ○ Security Services Bureau • Uniformed Operations <ul style="list-style-type: none"> ○ Command and Coordination Bureau ○ Operational Services Bureau ○ Uniformed Services Bureau • Standards and Training Operations <ul style="list-style-type: none"> ○ Office of Inspections and Policy ○ Training Service Bureau 	<p><u>ADMINISTRATIVE</u></p> <ul style="list-style-type: none"> • Office of Acquisition Management • Office of Background Investigations and Credentialing • Office of Financial Management • Office of Human Resources • Office of Information Services • Office of Logistical Services

B. Basis of Accounting and Presentation

In accordance with 2 U.S.C. 1903, the financial statements were prepared from the USCP’s books and records in conformity with generally accepted accounting principles for federal entities, as promulgated by the Federal Accounting Standards Advisory Board (FASAB). Accordingly, revenue is recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. These principles differ from budgetary reporting principles, whereby funds availability is recorded based on legal considerations and

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Years Ended September 30, 2024 and 2023

constraints. As a result, certain line items on the proprietary financial statements may not equal similar line items on the budgetary financial statements.

The USCP follows the federal standards for financial reporting and internal controls in a manner consistent with a legislative branch agency. The USCP has not adopted the Federal Financial Management Improvement Act of 1996, the Federal Managers Financial Integrity Act and the Government Performance and Results Act, as these standards are not applicable to the USCP. However, the USCP uses these sources as guidance and reference in its operations.

The statements were also prepared based on guidance published in the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*. The USCP is not required to adopt this circular, and accordingly has elected to use the disclosures management deems necessary for the fair presentation of financial statement information.

Throughout these financial statements certain assets, liabilities, earned revenue and costs are classified according to the type of entity with whom transactions were made. Intragovernmental assets and liabilities are those received from or due to other federal entities. Intragovernmental earned revenue represents collections or accruals of revenue from other federal entities, and intragovernmental costs result from payments to or accruals of amounts due to other federal entities. These financial statements should be read with the understanding that USCP is a component of the U.S. Government.

C. Changes in Accounting Standards

Starting in fiscal year (FY) 2024, Federal reporting entities are required to report a right-to-use lease asset and a lease liability for non-intragovernmental, non-short-term contracts or agreements, when the entity has the right to obtain and control access to economic benefits or services from an underlying property, plant, or equipment asset for a period of time in exchange for consideration under the terms of the contract or agreement.

D. Budgetary Resources and Status

The USCP is funded through congressionally approved appropriations. The USCP is responsible for administering its salaries and expenses through the execution of these appropriations. Congress enacts annual appropriations that provide the USCP with authority to obligate funds within the respective FY for necessary expenses to carry out its mission and related activities. In addition, Congress enacts multi-year and permanent indefinite appropriations for long term capital projects and initiatives that are available for obligation over a period of years or until expended.

The USCP's budgetary resources consist of:

- Unobligated balances or resources brought forward from the prior year,
- Recoveries of prior year obligations, and
- New resources in the form of appropriations and spending authority from offsetting collections.

Generally, unobligated balances associated with resources expiring at the end of the FY remain available for five years after expiration only for adjustments of prior year obligations and deposits to the credit of the Employees' Compensation Fund in accordance with 2 U.S.C.

UNITED STATES CAPITOL POLICE
Notes to the Financial Statements
For the Years Ended September 30, 2024 and 2023

1907b, after which they are cancelled and may not be used. Remaining funds in cancelled appropriations are returned to the United States Department of the Treasury (U.S. Treasury).

E. Fund Balance with Treasury

Funds with the U.S. Treasury comprise the majority of intragovernmental assets on USCP's balance sheet and primarily represent appropriated funds that are available to pay current liabilities and finance authorized purchase commitments. The U.S. Treasury processes cash receipts and disbursements on behalf of USCP and the Agency's accounting records are reconciled with the U.S. Treasury on a monthly basis.

F. Advances to Others and Prepayments

The USCP advances funds to federal agencies to perform long-term capital projects and for other inter-agency agreements such as shared enterprise resource planning systems used by USCP that are hosted by other agencies. The advances are liquidated and recorded as expenses or capital assets when funds advanced are utilized by the other agency. The USCP advances funds to non-federal vendors to perform mission related services such as technology solutions, employee training and travel, and security.

G. General Property, Plant and Equipment (including Right-to-Use Lease Assets)

General Property, Plant and Equipment (PP&E) consists of equipment, structures, facilities, building improvements, internal use software, leases, systems and construction-in-progress. The basis for recording purchased PP&E is full cost, which includes all costs incurred to bring the PP&E to a form and location suitable for its intended use. The following table presents the USCP's capitalization threshold and related useful lives:

Property Type	Useful Life (Years)	Capitalization Threshold
Building Improvements	10	\$250,000
Other Structures and Facilities	10	\$25,000
Equipment and Vehicles	3 - 15	\$25,000
Internal-Use Software	3 - 5	\$250,000
Right-to-Use Lease Assets	Shorter of Lease Term or Useful Life	\$25,000
Construction-in-Progress	N/A	\$25,000

Capital assets are depreciated on a straight-line basis over their estimated useful lives, which range from three to fifteen years. Building improvements and system assets while under construction or development are recorded as construction-in-progress. Costs capitalized as construction-in-progress include contractor services for design and engineering, materials, parts and freight.

In accordance with Statement of Federal Financial Accounting Standard (SFFAS) 54 – *Leases*, effective beginning FY 2024, leases are classified as Short-term, Intragovernmental, and Right-To-Use (also known as Long-term Leases). Leases include contracts or agreements that,

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although not explicitly identified as leases, meet the definition of a lease. Short-term leases are non-intragovernmental leases with a lease term of 24 months or less. Short-term lease and Intragovernmental lease payments are recognized as expenses when incurred. Long-term leases are non-intragovernmental leases with a lease term over 24 months. If the present value of future lease payments on a long-term lease equals or exceeds USCP's lease capitalization threshold of \$25,000, a right-to-use lease asset and liability are recorded equal to the present value. Payments made prior to the lease commencement date to improve a lease asset are recognized as advances until the lease asset is delivered, then the amounts are added to the lease asset's capitalized value. The lease asset is amortized over the lease term, and the lease liability is amortized in accordance with the payment schedule. If the agreement or contract transfers the title of the asset to USCP, the asset is recorded as a purchase and depreciated according to the capital asset's useful life.

H. Liabilities

Liabilities represent amounts to be paid by the USCP as a result of transactions or events that have already occurred. Accounts payable consists of amounts owed to other federal agencies and commercial vendors for goods and services received and accepted prior to the end of the reporting period. Accrued payroll liabilities relate to services rendered by USCP employees, for which USCP accrues the amount of salaries and benefits earned, but not yet paid at year end. No liability can be paid by USCP absent authority established by law (e.g., enacted appropriations). Liabilities for which an appropriation has not been enacted are unfunded, the liquidation of which is dependent on future appropriations or other funding.

I. Advances from Others

The USCP receives funds in advance from other federal agencies to provide support for long-term capital projects. The advances are liquidated and recorded as revenue when USCP performs services on the projects.

J. Federal Employee Benefits

The USCP recognizes its share of the cost of providing future pension benefits to eligible employees over the period of time that they render services to USCP. The pension expense recognized in the financial statements equals the current service costs for USCP employees less the amount contributed by the employees. The Office of Personnel Management (OPM) supplies USCP with the factors to apply in the calculation of the current service cost. These factors are derived through actuarial cost methods and assumptions. The excess of the recognized pension expense over the amount contributed by USCP and employees represents the amount being financed directly through the Civil Service Retirement System (CSRS) or Federal Employee Retirement System (FERS) administered by OPM. This amount is considered imputed financing to USCP.

The USCP recognizes a current period expense for the future cost of post-retirement health benefits and life insurance for its employees while they are still working. The agency accounts for and reports this expense in its financial statements in a manner similar to that used for pensions, with the exception that employees and USCP do not make current contributions to fund these future benefits.

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The USCP recognizes the cost of claims incurred under the Federal Employee Compensation Act (FECA), a program administered by Department of Labor (DOL), which provides income and medical cost protection to covered federal 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.

K. Annual Leave, Compensatory Overtime, Sick and Other Leave

Annual leave and compensatory overtime leave are accrued as they are earned and reduced as they are taken. Each year, the balance in the accrued leave account is adjusted to reflect current pay rates and balances. No portion of this liability has been obligated. To the extent current year appropriations are not available to fund accrued annual leave and compensatory overtime, funding will be obtained from future financing sources. Sick and other types of non-vested leave are expensed when taken.

L. Judgment Fund

Certain tort claims over \$25,000 to which the USCP is a named party may be administrated and litigated by the Department of Justice in accordance with the Federal Tort Claims Act. Settlements and awards are paid from a special Judgment Fund maintained by the U.S. Treasury under 31 U.S.C. 1304. Payments by the Judgment Fund on behalf of USCP do not require reimbursement and are recognized as imputed financing sources.

M. Office of Congressional Workplace Rights

Certain workplace rights claims to which the USCP is a named party may be administered and litigated in accordance with the Congressional Accountability Act (CAA), Public Law 104-1, as amended by the CAA Reform Act, Public Law 115-397. Per section 415 of the CAA, settlements and awards are paid from a special Office of Congressional Workplace Rights (OCWR) fund maintained by the U.S. Treasury. Payments by the OCWR fund on behalf of USCP which do not require reimbursement by USCP are recognized as imputed financing sources.

N. Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses during the reporting period. Actual results could differ from these estimates.

O. Earned Revenue

USCP has reimbursable agreements with other Federal agencies to provide various security services. Consistent with SFFAS No. 7, *Accounting for Revenue and Other Financing Sources*, USCP recognizes revenue earned from these arrangements when the services are provided. USCP's pricing policy is to recover full cost for goods and services provided.

P. Classified Activities

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

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NOTE 2. NON-ENTITY ASSETS AND INCIDENTAL CUSTODIAL COLLECTIONS

The USCP Board is responsible for administering and managing receipts and disbursements for the USCP Memorial Fund established under Public Law 105-223, as amended by Public Law 115-45. The USCP also is responsible for recording and remitting miscellaneous receipts, which are due to the U.S. Treasury General Fund in accordance with 31 U.S.C. 3302. USCP records receipts, disbursements, and the remaining balances for both funds in dedicated U.S. Treasury accounts, which are reported in the Balance Sheet as part of Fund Balance with Treasury. These activities are incidental to the primary mission of the USCP. As these funds are held in custody for eligible beneficiaries and the USCP is not authorized to use them in its operations, these funds represent “non-entity” cash and are also reported as a liability. See Note 9, Other Liabilities. A summary of the custodial activities as of September 30 is provided below:

	2024	2023
USCP Memorial Fund:		
Beginning Balance	\$674,616	\$771,911
Donations Collected and Deposited with the U.S. Treasury	111,579	126,360
Disbursements to Recipients	0	(223,655)
Total USCP Memorial Fund Balance	<u>\$786,195</u>	<u>\$674,616</u>
Miscellaneous Receipts:		
Miscellaneous Receipts Due to U.S. Treasury General Fund	\$30,278	\$12,838
Total Miscellaneous Receipts	<u>\$30,278</u>	<u>\$12,838</u>
Ending Balance	<u>\$816,473</u>	<u>\$687,454</u>

NOTE 3. FUND BALANCE WITH TREASURY

Fund Balance with Treasury is the aggregate of accounts with the U.S. Treasury for which the USCP is authorized to make expenditures and pay liabilities. Use of amounts donated to the USCP Memorial Fund is restricted to the fund’s intended purpose. The status of funds with the U.S. Treasury as of September 30 consists of the following balances:

	2024	2023
Status of Fund Balance with Treasury:		
Unobligated		
Available	\$75,790,200	\$76,632,330
Unavailable	54,036,556	39,120,041
Obligated, Not Yet Disbursed	193,055,259	199,994,366
Non-Budgetary	782,195	670,616
Total	<u>\$323,664,210</u>	<u>\$316,417,353</u>

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NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable from federal agencies arise from the provision of law enforcement services in accordance with interagency agreements. USCP classifies the receivables from these agencies as fully collectible consistent with SFFAS No. 7.

Accounts receivable from the public are recorded for amounts due from vendor overpayments and from current and former USCP employees for salary overpayments, missed deductions for benefits, and other indebtedness related to time and attendance corrections, advancement of leave, or unreturned property. Amounts also include retention bonuses and student loan benefits to be paid back to the Department by employees who separated from USCP prior to completing their service agreement period. An allowance for doubtful accounts for amounts due from employees is calculated using risk of non-collection factors applied to an aging of the payroll receivables provided by the U.S. Department of Agriculture National Finance Center (NFC). The accounts receivable from the public as of September 30 are:

	2024	2023
Accounts Receivable from the Public:		
Current and Former USCP Employees		
0-30 Days Outstanding	\$122,340	\$18,213
31-90 Days Outstanding	67,192	20,971
91-180 Days Outstanding	91,614	5,052
181-360 Days Outstanding	228,649	14,523
Over 360 Days Outstanding	25,308	42,307
Total Due from Current and Former USCP Employees	535,103	101,066
Allowance for Doubtful Accounts	(165,466)	(47,892)
Receivables Due from USCP Employees, Net	369,637	53,174
Vendor Refund	0	346,338
Other	30,278	31,453
Total Accounts Receivable - Public, Net	\$399,915	\$430,965

NOTE 5. ADVANCES AND PREPAYMENTS

The USCP enters into agreements with other federal agencies to provide necessary support services to further accomplish USCP's mission. These agencies estimate funding necessary to provide such services and request advances of funds from USCP. The advances are periodically liquidated as services are performed or goods are provided by the other federal agencies. Any unliquidated advance remaining at the end of the project will be refunded to USCP by the agencies holding the contracts. Current federal agencies that receive advances from USCP include multiple legislative branch agencies for hosting shared enterprise resource planning systems which USCP uses, and the U.S. Department of Transportation for security projects and transit subsidy benefits.

USCP also advances funds to a commercial vendor for armored vehicles. When a vehicle is delivered to USCP, a lease commences and the amount of the advanced funds are reclassified as Assets Under Lease. Additionally, the USCP has advances with the public for software and other mission related activities. The composition of advances to others as of September 30 is as follows:

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	2024	2023
Intragovernmental		
Legislative Branch Agencies	\$700,556	\$754,107
Department of Transportation	121,724	136,387
Total Intragovernmental	\$822,280	\$890,494
With the Public		
Software Packages	\$3,295,310	\$0
Armored Vehicles	2,646,000	2,619,300
Other	329,486	0
Total With the Public	\$6,270,796	\$2,619,300
Total Advances and Prepayments	\$7,093,076	\$3,509,794

NOTE 6. GENERAL PROPERTY, PLANT, AND EQUIPMENT

The USCP records PP&E by categories as shown in the table below (see Note.1 for the USCP's capitalization thresholds and related useful life). The composition of PP&E as of September 30 is as follows:

	2024		
	Cost	Accumulated Depreciation/Amortization	Book Value
Building Improvements	\$19,524,553	(\$19,524,553)	\$0
Other Structures and Facilities	1,001,987	(558,806)	443,181
Equipment	291,616,850	(233,719,011)	57,897,839
Internal Use Software	12,519,286	(11,919,286)	600,000
Construction-in-Progress	6,191,377	0	6,191,377
Right-To-Use Lease Assets	7,730,267	(1,064,662)	6,665,605
Total	\$338,584,320	(\$266,786,318)	\$71,798,002
	2023		
	Cost	Accumulated Depreciation/Amortization	Book Value
Building Improvements	\$19,524,552	(\$19,365,953)	\$158,599
Other Structures and Facilities	1,001,987	(502,767)	499,220
Equipment	274,669,885	(222,081,146)	52,588,739
Internal Use Software	11,919,286	(11,919,286)	0
Construction-in-Progress	6,291,084	0	6,291,084
Assets Under Capital Lease	6,128,852	(4,444,593)	1,684,259
Software-in-Development	1,073,419	0	1,073,419
Total	\$320,609,065	(\$258,313,745)	\$62,295,320

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NOTE 7. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

Certain liabilities are not currently covered by appropriated funds or other budgetary resources. Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely, it is not certain such appropriations will be enacted. The USCP liabilities not covered by budgetary resources as of September 30 are summarized below:

	2024	2023
With the Public		
Accrued Unfunded Annual Leave	\$20,589,304	\$18,512,424
Accrued Unfunded Comp Overtime	10,554,676	8,552,990
Worker's Compensation Benefits (Actuarial FECA Liability)	58,259,690	55,574,537
Unfunded Lessee Lease Liability	3,989,382	0
Total Liabilities Not Covered by Budgetary Resources	\$93,393,052	\$82,639,951

NOTE 8. FEDERAL EMPLOYEE BENEFITS

The USCP recognizes the costs of its employees' pension benefits. The liabilities associated with these costs are reported by the OPM, who administers the plans. Eligibility of employees to participate in FERS, FERS-Revised Annuity Employee (RAE), FERS-Further Revised Annuity Employee (FRAE), or CSRS is based on their hire date with the Federal Government. The USCP contributes a percentage of an employee's basic pay toward the employee's retirement plan. Employee pension benefit contribution rates for FYs 2024 and 2023 are as follows:

Retirement Plan	Category	2024 USCP Contribution	2023 USCP Contribution
CSRS Rates	Civilian/Sworn	7.50%	7.50%
FERS Rates	Civilian	25.70%	25.80%
Hired Prior to January 1, 2013	Sworn	38.20%	37.60%
FERS - RAE & FRAE Rates	Civilian	16.50%	16.60%
Hired After December 31, 2012 and 2013	Sworn	36.40%	35.80%

The Thrift Savings Plan (TSP), is a defined contribution plan for retirement savings and investment for employees covered by FERS or CSRS. For FYs 2024 and 2023, USCP contributed 1% of basic pay and matched participants' TSP contributions up to an additional 4% for FERS employees eligible for TSP. No agency matching contributions are made for employees participating in the CSRS.

Employees under FERS are also covered under the Federal Insurance Contributions Act (FICA), which imposes a tax on both employees and employers to fund Social Security and Medicare programs. The USCP pays the employer's matching share of FICA contributions made for FERS and CSRS offset employees. An additional 1.45% of total pay is contributed toward Medicare on behalf of CSRS employees during FYs 2024 and 2023.

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USCP employees are eligible to participate in the contributory Federal Employees Health Benefits Program (FEHBP) and Federal Employees Group Life Insurance Program (FEGSLIP) and may continue to participate after retirement. The USCP makes contributions through OPM to FEHBP and FEGSLIP for active employees to pay for their current benefits. USCP's contributions for active employees are recognized as operating expenses.

The USCP also provides other employee benefits, such as Student Loan Repayments, which are repaid through USCP's Student Loan Repayment Program established in accordance with 2 U.S.C. 1926. Under this program, eligible employees may have up to \$10,000 of student loans repaid annually, subject to a lifetime maximum of \$80,000.

In accordance with SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts* and SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, USCP records, as a financing source and imputed cost, an estimate of the unfunded portion of pension and other post-retirement benefits to be paid by OPM in the future.

The actuarial FECA liability represents an estimate of future worker's compensation (FWC) benefits to be paid for death, disability, medical, and miscellaneous cases. The liability is computed using a formula provided by DOL annually based on a method that utilizes historical benefits payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefits are discounted to present value using OMB's economic assumptions for ten-year U.S. Treasury notes and bonds. To provide a more accurate estimate specifically for effects of inflation on liability for FWC benefits, wage inflation factors (Consumer Price Index-Medical) are applied to the calculation of projected future benefits. These factors are also used to adjust historical payments so benefits are stated in current-year constant dollars.

NOTE 9. OTHER LIABILITIES

USCP accrues funded personnel benefits for services rendered in the current reporting period for which paychecks will be issued and benefits paid in the following reporting period. Accrued Federal benefits include amounts incurred but not yet paid under FECA owed to DOL and amounts owed to OPM for employees' health, life, and retirement benefits and amounts owed to Social Security Administration (SSA) for Old Age Survivors and Disability Insurance (OASDI). USCP also has liabilities for future lease payments, memorial fund donations received, and miscellaneous receipts, which are due to the U.S. Treasury General Fund in accordance with 31 U.S.C. 3302.

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Other liabilities incurred as of September 30 consist of:

	2024	2023
Intragovernmental		
Accrued Funded Benefits	\$9,615,942	\$13,694,736
Total Intragovernmental	<u>\$9,615,942</u>	<u>\$13,694,736</u>
With the Public		
Lease Liability (Note 10)	\$4,383,367	\$1,004,373
Custodial Receipts for USCP Memorial Fund (Note 2)	786,195	674,616
Miscellaneous Receipts Due to U.S. Treasury General Fund (Note 2)	30,278	12,838
Total With the Public	<u>\$5,199,840</u>	<u>\$1,691,827</u>
Total Other Liabilities	<u>\$14,815,782</u>	<u>\$15,386,563</u>

NOTE 10. LEASES

The USCP has contracts and agreements for the right to use property, plant and equipment that meet the criteria of a lease in accordance with SFFAS No. 54, *Leases*. The USCP has leases with the public for armored vehicles, training simulators, and multi-functional office equipment. Lease interest rates are derived from the U.S. Treasury borrowing rates for securities of similar maturity to the term of the lease. The USCP lease discount rate (also referred to as interest rate) for FY24 range between 4% – 5%. The following is a summary of lease assets and future lease payments as of September 30:

Right-to-Use Lease Assets and Accumulated Amortization:

	2024
Right-to-Use Lease Assets:	
Vehicles	\$6,403,253
Equipment	1,327,014
Accumulated Amortization	(1,064,662)
Net Right-to-Use Lease Assets	<u>\$6,665,605</u>

Future Lease Payments:

	2024		
Fiscal Year	Principal	Interest	Total
2025	\$869,375	\$185,538	\$1,054,913
2026	934,402	147,353	1,081,755
2027	898,959	102,271	1,001,230
2028	933,311	58,943	992,254
2029	357,540	24,346	381,886
2030-2032	389,780	28,824	418,604
Total	<u>\$4,383,367</u>	<u>\$547,275</u>	<u>\$4,930,642</u>

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The USCP has significant, annually recurring intragovernmental leases with two Federal agencies, General Services Administration (GSA) and Department of Homeland Security (DHS). USCP's agreement with DHS is for facility space at the Federal Law Enforcement Training Center (FLETC). The agreement provides USCP with rights to exclusive use of four buildings on the FLETC campus to conduct trainings for USCP officers. The terms of the agreement provide that FLETC retains ownership of the buildings and provides preventative maintenance and repairs to the buildings, and that USCP reimburses FLETC for the cost of operating the four buildings, such as public utilities, telephone service, fuel oil, refuse collection, janitorial services, security services. USCP's agreement with GSA is for fleet vehicle services. The terms of the agreement designate that GSA will provide motor vehicles and replacements, vehicle asset management data, vehicle tags, and vehicle remarketing services, and that USCP will pay GSA a monthly and mileage rate to reimburse GSA the costs associated with providing the leased vehicles. Under the lease terms, USCP is responsible for procuring and paying for all costs to maintain and repair vehicles. The following is a summary of annual lease expenses for intragovernmental leases as of September 30:

Intragovernmental Lease Expense:		2024
Lessor Agencies:		
GSA		\$4,080,587
FLETC		663,062
DoD		260,298
Total Intragovernmental Leases		\$5,003,947

NOTE 11. COMMITMENTS AND CONTINGENCIES

The USCP is involved in various lawsuits incidental to its operations. When a condition, situation or set of circumstances gives rise to a possible or probable loss to the agency due to the likelihood of one or more future events occurring or failing to occur, the USCP recognizes and/or discloses a contingent liability in accordance with SFFAS No. 5, as amended by SFFAS No. 12, *Recognition of Contingent Liabilities Arising from Litigation*. As of September 30, USCP has the following legal contingencies as illustrated below:

2024		
Legal Contingencies	Accrued Liabilities	Estimated Loss
Probable	\$0	\$0
Reasonably Possible	0	60,064,650,000
Total	\$0	\$60,064,650,000

2023		
Legal Contingencies	Accrued Liabilities	Estimated Loss
Probable	\$0	\$0
Reasonably Possible	0	36,846,486
Total	\$0	\$36,846,486

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NOTE 12. IMPUTED FINANCING FROM COSTS ABSORBED BY OTHERS

The USCP occupies space within various buildings and on the grounds of the Capitol Hill campus that is leased or owned by the Architect of the Capitol (AOC), including the Fairchild Building. The USCP is not required to reimburse AOC for the costs they incur to provide such space.

Additionally, the USCP calculates the value of estimated future employee benefits to be paid by OPM and also recognizes payments made by the Office of Congressional Workplace Rights (OCWR) and the U.S. Treasury Judgment Fund for legal case claims settled against USCP. In accordance with SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts*, USCP recognizes the following identified costs paid on its behalf by other agencies as expenses in the Statement of Net Cost and Imputed Financing in the Statement of Changes in Net Position as of September 30:

Imputed Cost	Agency	2024	2023
USCP Occupied Buildings and Grounds	Architect of the Capitol	\$24,185,703	\$22,329,258
FLETC	Department of Homeland Security	9,482,530	8,997,002
Future Benefits Payments	Office of Personnel Management	33,170,829	21,849,122
OCWR Settled Legal Claims	Office of Congressional Workplace Rights	0	530,000
Judgment Fund	U.S. Department of the Treasury	351,000	0
Total		<u>\$67,190,062</u>	<u>\$53,705,382</u>

NOTE 13. NET ADJUSTMENTS TO UNOBLIGATED BALANCE, BROUGHT FORWARD, OCTOBER 1

The USCP has recoveries of prior period obligations arising from adjustments to unpaid orders and refunds of paid orders (both delivered and undelivered). The USCP has recorded the following amounts in net adjustments to the unobligated balance, brought forward on October 1, as of September 30:

	2024	2023
Unobligated Balance, Brought Forward	\$115,752,371	\$90,494,030
Net Adjustments	20,329,469	11,622,923
Unobligated Balance From Prior Year Budget Authority, Net	<u>\$136,081,840</u>	<u>\$102,116,953</u>

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NOTE 14. UNDELIVERED ORDERS

Undelivered orders represent obligations for goods or services ordered but not yet received. These include unpaid and advanced amounts recorded in the fiscal period just ended, upward adjustments of unpaid and prepaid undelivered orders originally recorded in a prior FY, and recoveries resulting from downward adjustments of undelivered orders originally recorded in a prior FY. The USCP has identified the following amount of budgetary resources obligated for undelivered orders as of September 30:

	2024	2023
Intragovernmental	\$7,883,719	\$8,399,407
With the Public	134,517,570	129,042,889
Total Undelivered Orders	<u>\$142,401,289</u>	<u>\$137,442,296</u>

NOTE 15. RECONCILIATION OF NET COST TO NET OUTLAYS

The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting. The analysis below illustrates this reconciliation by listing the key differences between net cost and net outlays. The section entitled Components of Net Operating Cost Not Part of the Net Outlays reflects the allocation of assets to expenses over more than one reporting period and the temporary timing differences between outlays and receipts and operating expenses and revenue during the period. The section entitled Components of Net Outlays Not Part of Net Cost reflects amounts provided in the current reporting period that fund costs incurred in prior years and amounts incurred for goods or services that have been capitalized on the Balance Sheet. Net Cost of Operations and Net Outlays are also reported on the Statement of Net Cost and the Statement of Budgetary Resources, respectively.

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RECONCILIATION OF NET COST TO NET OUTLAYS
As of September 30, 2024

	Intragovernmental	With the Public	Total 2024
Net Operating Cost (SNC)	<u>\$74,626,301</u>	<u>\$758,641,281</u>	<u>\$833,267,582</u>
Components of Net Operating Cost Not Part of the Net Outlays			
Property, Plant, and Equipment Depreciation		(13,854,075)	(13,854,075)
Property, Plant, and Equipment Disposal & Revaluation		(1,117,460)	(1,117,460)
Property, Plant, and Equipment Acquisitions (Cost Capitalization Offset)		18,428,210	18,428,210
Increase/(Decrease) in Assets:			
Accounts Receivable	637,357	(31,051)	606,306
Advances and Prepayments	(68,214)	5,920,496	5,852,282
(Increase)/Decrease in Liabilities Not Affecting Net Outlays:			
Accounts Payable and Liability for Advances	124,410	(8,634,650)	(8,510,240)
Accruals for Salaries and Benefits	4,078,794	12,231,692	16,310,486
Other Liabilities	-	(6,781,158)	(6,781,158)
Other Financing Sources			
Imputed Costs	(67,190,062)	-	(67,190,062)
Total Components of Net Operating Cost Not Part of the Net Outlays	<u>(62,417,715)</u>	<u>6,162,004</u>	<u>(56,255,711)</u>
Components of the Net Outlays That Are Not Part of Net Operating Cost			
Payment of Lease Principal		767,700	767,700
Total Components of the Net Outlays That Are Not Part of Net Operating Cost		<u>767,700</u>	<u>767,700</u>
Other Temporary Timing Differences			
Temporary Timing Differences		4,210	4,210
Total Other Temporary Timing Differences		<u>4,210</u>	<u>4,210</u>
Net Outlays	<u>\$12,208,586</u>	<u>\$765,575,195</u>	<u>\$777,783,781</u>
Related Amounts on the Statement of Budgetary Resources			
Outlays, Net (SBR)			<u>\$777,783,781</u>

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RECONCILIATION OF NET COST TO NET OUTLAYS
As of September 30, 2023

	Intragovernmental	With the Public	Total 2023
Net Operating Cost (SNC)	<u>\$59,736,420</u>	<u>\$660,528,873</u>	<u>\$720,265,293</u>
Components of Net Operating Cost Not Part of the Net Outlays			
Property, Plant, and Equipment Depreciation		(11,495,359)	(11,495,359)
Increase/(Decrease) in Assets:			
Accounts Receivable	1,345,704	371,673	1,717,377
Accrued Capital Assets	-	9,910,649	9,910,649
Other Assets	767,798	2,619,300	3,387,098
(Increase)/Decrease in Liabilities Not Affecting Net Outlays:			
Accounts Payable and Liability from Advances	(799,205)	(4,270,561)	(5,069,766)
Accruals for Salaries and Benefits	(1,417,409)	659,063	(758,346)
Other Liabilities	-	(5,985,275)	(5,985,275)
Other Financing Sources			
Imputed Costs	<u>(53,705,382)</u>		<u>(53,705,382)</u>
Total Components of Net Operating Cost Not Part of the Net Outlays	<u>(53,808,494)</u>	<u>(8,190,510)</u>	<u>(61,999,004)</u>
Components of the Net Outlays That Are Not Part of Net Operating Cost			
Acquisition of Capital Assets		<u>5,383,412</u>	<u>5,383,412</u>
Total Components of the Net Outlays That Are Not Part of Net Operating Cost		<u>5,383,412</u>	<u>5,383,412</u>
Net Outlays	<u>\$5,927,926</u>	<u>\$657,721,775</u>	<u>\$663,649,701</u>
Related Amounts on the Statement of Budgetary Resources Outlays, Net (SBR)			<u>\$663,649,701</u>



UNITED STATES CAPITOL POLICE

Management Discussion and Analysis
Fiscal Year 2024



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THE UNITED STATES CAPITOL POLICE MISSION, VISION, AND VALUES

The United States Capitol Police (USCP) was established by Congress in 1828 with the sole mission of protecting the U.S. Capitol Building. This area of responsibility has grown to include protecting Members of Congress, staff, visitors, and the entire Capitol Complex, which includes the U.S. House of Representatives and U.S. Senate Office Buildings, the Capitol Visitor Center, the U.S. Botanic Garden, the Library of Congress, the Capitol Power Plant, and various other support facilities. The USCP is led by the Chief of Police with oversight by the Capitol Police Board, comprised of the House and Senate Sergeants at Arms and the Architect of the Capitol, as well as Congressional oversight from appropriation and authorization committees in both the U.S. House of Representatives and the U.S. Senate.

Mission

To protect the Congress—its Members, employees, visitors, and facilities—so it can fulfill its constitutional and legislative responsibilities in a safe, secure, and open environment.

Vision

Service rooted in courage, driven by mission, advanced by innovation and excellence.

Core Values

Professionalism, Pride, and Effectiveness.

HOW WE ARE ORGANIZED

The Capitol Police Board oversees and supports the United States Capitol Police in its mission stances to assess the threat; prevent disruption; respond promptly; and support operational readiness. Additionally, the Capitol Police Board helps to advance coordination between the Department and the Sergeant at Arms of the House of Representatives and the Sergeant at Arms and Doorkeeper of the Senate, and the Congress. Consistent with this purpose, the Capitol Police Board establishes general goals and objectives for the Department that cover its major functions to improve the efficiency and effectiveness of its operations.

The Capitol Police Board consists of the Sergeant at Arms of the U.S. House of Representatives, the Sergeant at Arms and Doorkeeper of the U.S. Senate, and the Architect of the Capitol. The Chief of the United States Capitol Police serves in an ex-officio non-voting capacity. The Chairmanship alternates annually between the House and Senate Sergeants at Arms.

Bureaus and Offices

The Chief of Police is assisted in the management of the Department by the Assistant Chief of Police for Protective and Intelligence Operations, the Assistant Chief of Police for Uniformed Operations, the Assistant Chief of Police for Standards and Training Operations, and the Chief

Administrative Officer. The United States Capitol Police is organized into Bureaus and Offices that report to each of the Executive Team members.

Additional offices that report directly to the **Chief of Police** are:

- **Office of the Chief of Staff** oversees offices and programs that support the USCP workforce, including the Howard C. Liebengood Center for Wellness, the Office of Accountability and Improvement, the Office of Equity and Inclusion, and the Public Information Office.
- **Office of the General Counsel** provides legal advice and guidance to operational and administrative elements of the Department. In addition, the office provides training and advice regarding labor and employment laws to enhance relationships between supervisors and employees.
- **Office of Professional Responsibility** oversees administrative investigations related to the conduct of Department personnel and inspections of its organizational components. This Office investigates allegations of misconduct by Department employees generated from within the Department or from outside sources.

The following Bureaus report directly to the **Assistant Chief of Police for Protective and Intelligence Operations**:

- **Protective Services Bureau** collects and analyzes information, assesses threats, identifies risks, and develops and employs risk mitigation, Member protection, and enforcement strategies. Specialty Units include the Investigations Division and the Dignitary Protection Division.
- **Intelligence Services Bureau** gathers and disseminates intelligence to the USCP workforce and external partners in support of the protection of Members of Congress and the Capitol Complex, while also supporting investigative efforts through participation on various law enforcement task forces. Specialty Units include the Intelligence Analysis Division and the Intelligence Operations Division.
- **Security Services Bureau** is responsible for planning, designing, installing, and implementing the USCP's physical and technical security elements to include using innovative systems and technologies to meet mission needs. Its Physical Security, Technical Countermeasures, and Security Coordination Divisions ensure the safety and security of the Members at the Capitol Complex and home.

The following Bureaus report directly to the **Assistant Chief of Police for Uniformed Operations**:

- **Command and Coordination Bureau** provides an enhanced capability to develop, coordinate and execute contingency plans, prepare and direct special events, respond to incidents and emergencies, and manage multi-agency responses to evolving situations within the Capitol Complex. Specialty Units include the Command Center,

Communications, Emergency Management, Crisis Negotiation Unit, Reports Processing, Court Liaison, and Special Events.

- **Operational Services Bureau** specializes in emergency response to support the Department's operational needs. This is accomplished in the form of specialized training, enforcement, coordination, planning, equipment, and response policy development. Specialty Units include the Hazardous Devices Section, Hazardous Material Response team, Special Operations, K-9, Containment and Emergency Response (CERT/SWAT), and Crime Scene Search.
- **Uniformed Services Bureau** is the most visible element of the Department as it provides uniformed officer security for the U.S. Capitol and Congressional office buildings. USB's primary mission is to screen visitors to the Capitol Complex, secure buildings within the Capitol Complex, enforce the law, and liaise with the community and its citizens. It is divided into the Capitol Division, House Division, Senate Division, and Library Division.

The following Bureaus report directly to the **Assistant Chief of Police for Standards and Training Operations**:

- **Training Services Bureau** provides appropriate lesson plans and methods, preparedness training, education, and leadership skills to ensure the success of the USCP mission. Its primary mission is to create and sustain a vigorous and motivated workplace that is highly trained and armed with the necessary knowledge, skills, and abilities to achieve the mission. The Training Services Bureau is divided into four divisions: Entry-Level Training, In-Service Training, Firearms Training, as well as Research and Development.
- **Office of Inspections and Policy** oversees the Department's audit, policy, and inspections programs and is divided into three divisions: Inspections, Internal Controls, and Policy.

The **Chief Administrative Officer** is responsible for the development, delivery, and oversight of the Department's procurement, budget, financial management, information technology, human resources, and space and inventory management support services.

The following Offices report directly to the **Chief Administrative Officer**:

- **Office of Acquisition Management** has a variety of procurement responsibilities, including the acquisition of goods and services for all Departmental mission needs, as well as for training in these related areas.
- **Office of Background Investigations and Credentialing** conducts background investigations as part of the Department's hiring process, issues credentials and badges, and leads the Department's external recruiting program.
- **Office of Logistical Services** maintains inventory management and controls over Department uniforms, equipment, and motorized fleet; oversees all facility space

assigned to the United States Capitol Police; and establishes and maintains a comprehensive occupational safety, health, and environment program.

- **Office of Financial Management** plans and directs all financial activity of the Department, including budgeting.
- **Office of Human Resources** is responsible for developing, implementing, and administering a full range of human resource programs and services including recruitment, benefits, and employee relations.
- **Office of Information Services** is responsible for the planning, budgeting, designing, testing, implementing, security, and managing of the Department's automated information and various technologies. The office also provides radio, networking, telecom, and wireless communications support to the Department's operational components.

USCP CONCEPT OF OPERATIONS STRATEGIC PLAN (COSP)

In fiscal year (FY) 2024, the USCP leadership team continued its focus on increasing accountability, transparency, professionalism, and resilience. In response to the ever-changing threat environment, we continued to implement measures to strengthen the Department's operational posture and to develop proactive strategies that focus on establishing a strategic, coordinated, and consistent approach to USCP current and future operations.

In FY 2023, at the request of Congress, the Department contracted with an outside vendor to provide a Concept of Operations (CONOPS) assessment to guide the Department's future operations. The assessment, delivered in February 2024, centered on the Department's mission, staffing, structure, training, and technology, and provided recommendations to address areas of weakness and opportunities for improvement. The Department conducted an in-depth evaluation of the report recommendations, which, in combination with the Department's efforts over the past three years, culminated in the development of the Concept of Operations Strategic Plan (COSP).

The COSP sets forth the Department's operational vision and our commitment to modernization and continuous improvement, while ensuring alignment and integration within the organization and with external stakeholders. The COSP includes the following goals and objectives:

Goal 1: Advance the USCP Mission

- Objective 1.1: Expand Member Protection Services
- Objective 1.2: Strengthen Response Capabilities
- Objective 1.3: Enhance Regional Operations
- Objective 1.4: Mature Organizational Planning and Integration

Goal 2: Optimize Strategic Workforce Planning

- Objective 2.1: Enhance Resource Planning
- Objective 2.2: Achieve Required Staffing Levels Across the Department
- Objective 2.3: Bolster Career Development

Goal 3: Develop the Workforce for the Future

- Objective 3.1: Deliver Comprehensive Learning and Development Programs
- Objective 3.2: Foster Wellness and Resiliency
- Objective 3.3: Expand USCP Training Infrastructure

Goal 4: Modernize USCP Technology and Tools

- Objective 4.1: Transform Mission Delivery
- Objective 4.2: Strengthen Data Management and Reporting
- Objective 4.3: Secure Systems and Data

The USCP COSP can be found [here](#).

USCP FY 2024 ACCOMPLISHMENTS

In FY 2024, the Department remained committed to executing our mission with excellence. In the wake of the events of January 6, 2021, the men and women of the United States Capitol Police joined together to strengthen our operational posture. Immediately following that event, the Department was subject to numerous audits and after-action reports, resulting in over 100 audit recommendations, all of which we have successfully remediated. Through a combination of targeted efforts, strategic initiatives, and collaboration, we have made significant strides in reaching milestones. The following accomplishments are representative of the Department's transformative efforts:

National Conventions: In keeping with the nation's electoral practice, presidential nominating conventions were held in July and August, respectively. The Department, in collaboration with federal and local law enforcement agencies, developed a comprehensive protection strategy for Members of Congress to detect and mitigate threats from the air, land and sea during the two national conventions:

- Republican National Convention (RNC) held from July 15-18, 2024, at Fiserv Forum in Milwaukee, Wisconsin.
- Democratic National Convention (DNC) held from August 19-22, 2024, at the United Center in Chicago, Illinois.

The conventions brought approximately 50,000 visitors to Milwaukee and Chicago, including approximately 15,000 members of the press and about 2,400 delegates for the RNC and over 5,000 delegates for the DNC from across the nation. Governors, members of Congress, and former elected officials were in attendance, along with activists, influencers, celebrities, and musical performers.

Through combined efforts, months of planning, and the deployment of approximately 400 personnel—including technical, procurement, and other support services—to support each convention, the Department ensured that the events remained safe for all attendees.

Protective Intelligence Operations Center (PIOC): In FY 2024, the Department established a PIOC to serve as a command center for the protection of Members of Congress. The PIOC provides a centralized fusion center that integrates the Department's protective operations, to include case intake (Threats, Intelligence, and Event Security/Law Enforcement (LE) Coordination), protectee detail tracking, residential security system monitoring, and intelligence analysis. Additionally, the PIOC consolidated existing Protective Services Bureau Member protection functions with a newly created Residential Security Program.

Field Offices: To strengthen the Department's ability to enhance Member protection throughout the country, the Department established Field Offices in the Tampa Bay Regional Intelligence Center (TBRIC) and Northern California Regional Intelligence Center (NCRIC). These fusion centers substantially increased collaboration with state and local entities, providing enhanced intelligence and coordinated law enforcement assistance for dignitary

protection advances, Congressional Member Delegations (CODELs), criminal investigations, and other Member-related functions. The Department, in coordination with the Department of Justice (DOJ), bolstered its threat-related prosecution capabilities by having DOJ cross-designate Department attorneys as Special Assistant U.S. Attorneys (SAUSAs). The DOJ provided the SAUSAs with national prosecuting authority and designated them as subject matter experts in threats against Members of Congress. The success of the two satellite offices has allowed the Department to rapidly respond to, mitigate, and prosecute regional threats, and the Department continues to evaluate opportunities to expand its national presence.

Rapid Response Team (RRT): To enhance the Uniformed Services Bureau's capability to protect and secure Congress to ensure Members can fulfill their Constitutional responsibilities, the Department established the RRT. The RRT is comprised of specialized officers trained to provide a rapid, organized, and disciplined response to any incident or threat throughout Capitol Grounds, including calls for service, unplanned demonstrations, and in-depth checks of all Congressional lots, parks, and buildings.

Mutual Aid Program: Thanks to a specific Congressional appropriation, the Department entered into Memoranda of Understanding (MOUs) with local and national law enforcement partners to protect Members of Congress, their families, and staff, whether on Capitol Grounds or in Members' home districts. In FY 2024, the Department increased the number of MOUs with state and local law enforcement agencies to enhance Member and staff security in their home districts and on U.S. Capitol Grounds.

Body Worn Camera Program Pilot: To enhance community safety, promote de-escalation tactics, build public trust, and enhance service to the Congress and the community, in FY 2024 the Department launched a 180-day body worn camera pilot program. The program increased community trust, transparency, and accountability and provided a layer of safety for USCP Officers. Additionally, police body cameras were a crucial part of training, allowing officers and their superiors to evaluate operations for lessons learned and identify opportunities for improvement. Footage captured by body-worn cameras was used as evidence for arrests and prosecutions.

Hiring and Retention Strategies: In FY 2024, the Department increased its onboard strength, bringing year-end staffing levels to the highest in the Department's history. Additionally, the Department continued to provide retention incentives to our employees, which included a student loan repayment program and retention bonuses. While there is more work to be done to right-size the Department's staffing, the FY 2024 hiring, and retention strategies were successful.

Transition to Microsoft 365 (M365): To improve inter-connectivity and mature the Department's technology platforms, the Department implemented M365, a cloud-based subscription service that provides productivity applications, cloud services, and data security. The transition to M365 has furthered collaboration and integration within the Department, bringing our workforce together via chat, video meetings, file sharing, and collaboration in one platform. This investment in our technology aided the Department's enterprise-wide modernization efforts.

FY 2025 TRANSITION

As it transitions into FY 2025, the Department remains committed to protecting the United States Congress and safeguarding the legislative process. We embrace the opportunity to align our goals and objectives to make an even greater impact. With the release of the Department's new COSP, we are expanding our mission and enhancing the value to those we serve. We will continue to work internally to establish meaningful performance measures to streamline processes and maximize efficiencies. We will continue to identify milestones and performance metrics for FY 2025 reporting to track the Department's progress and attainment of COSP goals and objectives.

ANALYSIS OF FINANCIAL STATEMENTS

The following are highlights of the Department's financial posture and operations in FY 2024. The complete set of financial statements,¹ related notes, and the opinion of the Department's auditors are attached to this document.

Assets: The Department's Consolidated Balance Sheet as of September 30, 2024, shows \$405M in total assets, an increase of \$21M (5 percent) over the previous year's total assets of \$384M. Increases in appropriations in FY 2024 and increases in net general Property, Plant, and Equipment (PP&E), are the primary reasons for the net increase.

Liabilities: Total Department liabilities were \$155M as of September 30, 2024, an increase of \$2M (1 percent) above the previous year's total liabilities of \$153M. Increases in accrued annual and compensatory leave, actuarial Federal Employees' Compensation Act (FECA) liabilities are the primary reasons for the net increase.

Net Position: The Department's total net position as of September 30, 2024, was \$250M, an increase of \$18M over the previous year's net position of \$231M. This change is primarily related to increases in unexpended appropriations and cumulative results of operations.

Budgetary Resources: The Department's FY 2024 Combined Statement of Budgetary Resources shows \$933 in total budgetary resources, an increase of \$88M (10 percent) over the previous year's total budgetary resources of \$845M. This change is primarily attributed to appropriations and unobligated balances that were carried forward.

Net Outlays: The Department's FY 2024 Combined Statement of Budgetary Resources shows \$778M in net outlays, an increase of \$114M (17 percent) over the previous year's total net outlays of \$664M. This change is attributed to the aforementioned increase in appropriations.

Net Cost of Operations: The Consolidated Statement of Net Cost presents the Department's gross and net cost by mission stance. The net cost of the Department's operations totaled \$833M for the fiscal year ending on September 30, 2024, an increase of \$113M (16 percent) over the previous year's net cost of operations of \$720M. The increase is primarily due to increased expenses for salaries, benefits, contractual services, property/equipment, and travel.

The USCP budget consists of annual appropriations that fund staff salaries and benefits; general expenses such as motor vehicles, communications, and other equipment; security equipment; uniforms; weapons; supplies; materials; training; medical services; forensic services; professional services; the Employee Assistance Program; the Employee Recognition Program; postage; communication services; travel; and relocation of instructor and liaison personnel for the Federal Law Enforcement Training Center. Our annual appropriation for FY 2024 was \$792M, including \$589M for salaries and \$203M for general expenses.

¹ These financial statements were prepared from the accounting records of the Department in accordance with the accounting principles generally accepted in the United States of America, prescribed by the Federal Accounting Standards Advisory Board (FASAB).

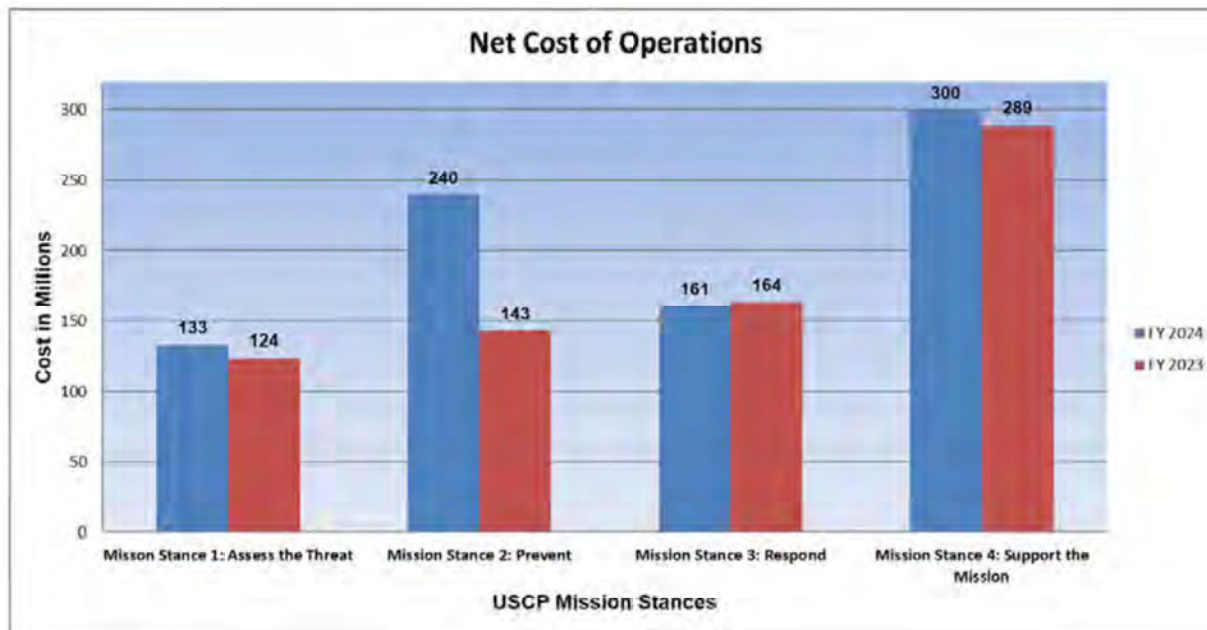
In FY 2024, our total assets were \$405M, consisting mostly of Fund Balance with the U.S. Treasury, followed by PP&E. Total liabilities of \$155M were comprised primarily of FECA Actuarial liability (workers' compensation), accounts payable, accrued employees' salaries and benefits, and annual and compensatory leave.

The net cost of operating the USCP during FY 2024 and FY 2023 was approximately \$833M and \$720M, respectively. We report net cost of operations according to our four mission stances, consistent with our Strategic Plan. Table 5 shows how our FY 2024 and FY 2023 costs break down by each mission stance. Figure 1 provides net cost of operations by mission stance without granular details (see page 14).

Table 1: USCP's Financial Highlights: Resource Information (in Millions)*

	FY 2024	FY 2023	% Change
Total Assets	405	384	5%
Total Liabilities	155	153	1%
Appropriations			
Annual Salaries	589	538	9%
Annual General Expenses	203	187	9%
Total Annual Appropriations	792	725	9%
Multi-Year Appropriations			
Multi-Year Salaries	-	3	-
Multi-Year General Expenses	-	6	-
Mutual Aid Reimbursement	-	-	-
Total Multi-Year Appropriations	-	9	-
Total Budgetary Resources	933	845	10%
Net Outlays	778	664	17%
Net Cost of Operations			
Mission Stance 1: Assess the Threat	133	124	7%
Mission Stance 2: Prevent	240	143	68%
Mission Stance 3: Respond	161	164	(2%)
Mission Stance 4: Support the Mission	300	289	4%
Total Net Cost of Operations	833	720	16%

*Note: Numbers in chart may contain rounding.

Figure 1: Net Cost of Operations by USCP Mission Stance

LIMITATIONS OF THE FINANCIAL STATEMENTS

The Department's financial statements are the culmination of a systematic accounting process. The statements have been prepared to report the financial position and operations of the USCP, pursuant to the hierarchy of accounting principles and standards set forth in footnote 1 of the financial statements. While these statements have been prepared from the books and records of the Department, they are in addition to the financial reports used to monitor and control budgetary resources that are prepared from the same books and records. The Department's transactions are executed in accordance with laws governing the use of budget authority and other laws and regulations that have a direct and material effect on the financial statements, and any other laws and regulations identified in audit guidance.

The statements should be read with the understanding that as an agency of a sovereign entity, the United States Government, we cannot liquidate our liabilities (i.e., pay our bills) without legislation that provides resources to do so. Although future appropriations to fund these liabilities are likely and anticipated, they are not certain.

ANALYSIS OF SYSTEMS, CONTROL AND LEGAL COMPLIANCE

Federal Managers' Financial Integrity Act of 1982

Agency leadership is responsible for establishing and maintaining effective internal controls and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act of 1982 (FMFIA). The FMFIA requires agencies to establish internal controls and financial systems that provide reasonable assurance that the following objectives are achieved: effective and efficient operations, compliance with applicable laws and regulations and financial reporting reliability. OMB Circular A-123, Management's Responsibility for Enterprise Risk Management (ERM) and Internal Control, implements the FMFIA. The FMFIA requires agencies to provide an annual statement addressing internal accounting and administrative controls, and to perform ongoing evaluations and reporting of the adequacy of the controls within the agency.

As a legislative branch agency, the USCP is not subject to FMFIA requirements. Nonetheless, the USCP considers internal controls to be an integral part of the systems and processes it uses to manage daily operations in support of its strategic goals and objectives. The USCP holds its managers accountable for efficiently and effectively performing their duties in compliance with applicable laws and regulations, and for using internal controls to maintain the integrity of their activities.

FINANCIAL REPORTING

In accordance with 2 U.S.C. 1903, the USCP prepared financial statements and relied on the independent financial statement audit to support the agency's assessment of internal controls over financial reporting.

RISK MANAGEMENT

The USCP leverages OMB Circular A-123, Appendix A guidance to facilitate the Department's internal controls and by doing so, integrates risk management activities throughout the Department. Implementation occurs through a systematic process of identifying, assessing, and mitigating potential threats and vulnerabilities that could impact the Department's operations, mission, and reputation.

Risk identification occurs based on severity and urgency and through subsequent assessments to identify the likelihood and potential impact of the risk that could result in negative consequences to the Department. Through internal control testing, risks are analyzed to determine if the appropriate controls are in place to reduce the likelihood and/or impact of the risks from occurring at the Department. Where risks persist, corrective action plans and mitigation strategies are formulated to strengthen the Department's control structure to ensure the necessary adjustments are made in addressing the residual risk.

Through risk management, the USCP strives to uphold Department-wide accountability and transparency to assist in the Department delivering its mission to protecting the Congress.

FINANCIAL SYSTEMS

The USCP utilizes the Legislative Branch Financial Management System (LBFMS) as its core financial management system. The LBFMS is a shared-service system hosted by the Library of Congress that conforms to the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA). The FFMIA requires federal agencies' financial management systems to provide reliable financial data that complies with federal financial system requirements, applicable federal accounting standards and the U.S. Standard General Ledger (USSGL) at the transaction level. An agency achieves substantial compliance when its financial management systems routinely provide reliable and timely financial information for managing day-to-day operations and produce reliable financial statements. To measure conformance, the agency uses internal controls assessments based on implementation guidance from the OMB, results of reports from the OIG and the annual independent financial statement audit. USCP uses these sources as guidance and reference in its operations.

OVERALL ASSESSMENT

The USCP does not consider any identified deficiencies to be material weaknesses in internal controls.

