

THE LIBRARY OF CONGRESS

Consolidated Balance Sheet

As of September 30, 2000 and 1999

	2000	1999
ASSETS		
Entity Assets:		
Intragovernmental Assets		
Fund Balance with Treasury (Note 2)	\$ 176,555,765	\$ 163,619,265
Investments (Note 5)	36,866,506	35,586,097
Accounts Receivable, Net (Note 6.A)	8,831,567	4,359,014
Other Assets	726,048	453,829
Investments (Note 5)	26,368,508	18,879,646
Accounts Receivable, Net (Note 6.A)	272,130	381,885
Pledges Receivable - Donations (Note 6.B)	71,694,577	13,473,626
Cash and Other Monetary Assets (Note 3)	979,776	1,725,468
Inventory (Note 7)	2,592,057	2,443,353
Property and Equipment, Net (Note 8)	60,587,657	63,145,883
Other Assets	442,623	0
Library Collections (Note 1.M)		
Total Entity Assets	<u>385,917,214</u>	<u>304,068,066</u>
Non-Entity Assets:		
Fund Balance with Treasury (Note 2)	90,807	140,737
Investments, Intragovernmental Securities (Note 5)	612,329,913	774,757,749
Accounts Receivable, Net (Note 6.A)	5,252	27,464
Cash and other Monetary Assets (Note 3)	0	16,779
Total Non-Entity Assets	<u>612,425,972</u>	<u>774,942,729</u>
Total Assets	<u>\$ 998,343,186</u>	<u>\$ 1,079,010,795</u>
LIABILITIES		
Liabilities Covered by Budgetary Resources:		
Intragovernmental liabilities		
Accounts Payable	\$ 3,699,166	\$ 3,376,927
Advances from Others	28,843,963	28,969,475
Accrued Funded Payroll, Benefits	2,575,646	2,221,723
Accounts Payable	25,147,730	21,879,361
Advances From Others	2,563,493	2,313,636
Custodial Liability	612,326,358	774,915,266
Accrued Funded Payroll, Benefits	15,349,593	13,211,669
Other Liabilities (Note 12)	3,398,408	284,632
Total Liabilities Covered by Budgetary Resources	<u>693,904,357</u>	<u>847,172,689</u>
Liabilities not Covered by Budgetary Resources:		
Deposit Account Liability	4,406,438	3,960,676
Accrued Unfunded Annual and Compensatory Leave	18,172,800	17,131,692
Accrued Unfunded Workers' Compensation (Note 10)	11,486,933	11,565,983
Deferred Credits - Pledges	58,102,313	349,150
Capital Lease Liability (Note 9.A)	726,871	5,939,845
Other Liabilities (Note 12)	61,108	31,937
Total Liabilities not Covered by Budgetary Resources	<u>92,956,463</u>	<u>38,979,283</u>
Total Liabilities	<u>786,860,820</u>	<u>886,151,972</u>
NET POSITION		
Balances:		
Unexpended Appropriations (Note 13)	78,690,189	70,683,170
Cumulative Results of Operations	132,792,177	122,175,653
Total Net Position	<u>211,482,366</u>	<u>192,858,823</u>
Total Liabilities and Net Position	<u>\$ 998,343,186</u>	<u>\$ 1,079,010,795</u>

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

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Consolidated Statement of Net Costs

For the Fiscal Year Ended September 30, 2000 and 1999

	2000	1999
Net Costs by Program Area:		
Library Services:		
Program Costs	\$ 269,968,180	\$ 239,046,427
Less Earned Revenue	<u>5,143,941</u>	<u>4,868,749</u>
Net Program Costs	264,824,239	234,177,678
Law Library:		
Program Costs	15,624,951	14,562,531
Less Earned Revenue	<u>5,000</u>	<u> </u>
Net Program Costs	15,619,951	14,562,531
Copyright Office:		
Program Costs	51,924,273	48,039,321
Less Earned Revenue	<u>25,258,222</u>	<u>18,218,923</u>
Net Program Costs	26,666,051	29,820,398
Congressional Research Service:		
Program Costs	97,832,426	96,017,808
Less Earned Revenue	<u>23</u>	<u> </u>
Net Program Costs	97,832,403	96,017,808
National Library Service for the Blind and Physically Handicapped:		
Program Costs	45,620,915	46,397,702
Less Earned Revenue	<u> </u>	<u> </u>
Net Program Costs	45,620,915	46,397,702
Reimbursable Funds:		
Program Costs	59,353,696	53,661,537
Less Earned Revenue	<u>52,177,489</u>	<u>47,897,166</u>
Net Program Costs	7,176,207	5,764,371
Revolving Funds:		
Program Costs	16,055,369	15,646,988
Less Earned Revenue	<u>6,550,739</u>	<u>6,281,721</u>
Net Program Costs	9,504,630	9,365,267
Costs not Assigned to Programs		35
Less Earned Revenue Not Attributed to Programs	<u> </u>	<u> </u>
Net Costs of Operations	<u>\$ 467,244,396</u>	<u>\$ 436,105,790</u>

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

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Consolidated Statement of Changes in Net Position

For the Fiscal Year Ended September 30, 2000 and 1999

	2000	1999
Net Costs of Operations	\$ 467,244,396	\$ 436,105,790
Financing Sources (Other than Exchange Revenue)		
Appropriations Used	382,441,938	369,861,197
Imputed Financing (Note 19)	51,366,466	47,069,122
Donations	36,416,985	15,444,571
Other Non-Exchange Revenue	7,635,531	4,629,906
	<hr/>	<hr/>
Total Financing Sources	<u>477,860,920</u>	<u>437,004,796</u>
Net Change in Cumulative Results of Operations	10,616,524	899,006
Increase in Unexpended Appropriations (Note 20)	<u>8,007,019</u>	<u>2,311,847</u>
Change in Net Position	18,623,543	3,210,853
Net Position, Beginning	<u>192,858,823</u>	<u>189,647,970</u>
Net Position, Ending	<u>\$ 211,482,366</u>	<u>\$ 192,858,823</u>

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

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Combined Statement of Budgetary Resources

For the Fiscal Year Ended September 30, 2000 and 1999

	2000	1999
Budgetary Resources		
Budget Authority	\$ 395,683,685	\$ 376,536,206
Unobligated Balances - Beginning of Period	846,102,067	771,524,710
Spending Authority from Offsetting Collections	343,633,786	363,271,052
Adjustments, net	<u>(595,130)</u>	<u>1,527</u>
Total Budgetary Resources	<u>\$ 1,584,824,408</u>	<u>\$ 1,511,333,495</u>
Status of Budgetary Resources		
Obligations Incurred, New	\$ 900,348,361	\$ 665,231,429
Unobligated Balance - Available	661,732,297	824,644,428
Unobligated Balance - Not Available	<u>22,743,750</u>	<u>21,457,638</u>
Total, Status of Budgetary Resources	<u>\$ 1,584,824,408</u>	<u>\$ 1,511,333,495</u>
Outlays		
Obligations Incurred, New	\$ 900,348,361	\$ 665,231,429
Less: Spending Authority from Offsetting Collections and Adjustments	<u>349,391,942</u>	<u>368,574,865</u>
Subtotal	550,956,419	296,656,564
Obligated Balance, net - Beginning of Period	122,411,560	115,976,948
Less: Obligated Balance, net - End of Period	<u>133,617,019</u>	<u>122,411,560</u>
Total Outlays	<u>\$ 539,750,960</u>	<u>\$ 290,221,952</u>

The accompanying notes are an integral part of these statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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1 *Summary of Significant Accounting Policies*

A. Reporting Entity

The Library of Congress (Library), a legislative branch agency of the federal government, was established in 1800 primarily to provide information and policy analyses to the members and committees of the U.S. Congress. Since then, the Library has been assigned other major missions such as administering the U.S. copyright laws, providing cataloging records to the Nation's libraries, and coordinating a national program to provide reading material for blind and physically handicapped residents of the U.S. and its territories and U.S. citizens residing abroad. The Library also provides services to other federal agencies and administers various gift and trust funds.

The Library's programs and operations are subject to oversight by the Joint Committee on the Library which is comprised of members of the U.S. House of Representatives and Senate. The Library relies primarily on appropriated funds to support its programs and operations. Budget requests are subject to review by the House and Senate Appropriations Committees' Subcommittees on Legislative Branch Appropriations. The Library also receives funds from other agencies for services provided under the Economy Act and other statutes. In addition, the Library receives donations from the public in the form of gifts and trusts. The trust funds are controlled by the Library of Congress Trust Fund Board, which consists of the Librarian of Congress (who is Chairman and Secretary of the Trust Fund Board), the Chairman of the Joint Committee on the Library, the Secretary of the Treasury (or an assistant secretary designated in writing by the Secretary of the Treasury), and ten additional members appointed by the President (2), the U.S. House of Representatives (4), and the U.S. Senate (4).

Entity activities are those for which the Library has the authority to use the assets. Non-entity activities consist primarily of custodial accounts which are not available for use by the Library.

B. Basis of Presentation

The accompanying consolidated statements report the financial position, operations, and changes in net position and the combining statement reports the budgetary resources of the Library for fiscal year 2000 and 1999. Certain amounts for 1999 have been reclassified to conform with the 2000 presentation of those amounts. These consolidated and combined financial statements include the accounts of all funds under the Library's control which have been established and maintained to account for the resources of the Library. They were prepared from the Library's financial management system in accordance with the generally accepted accounting principles.

As a legislative branch agency, the Library is not required to follow the executive agency accounting principles established by the Comptroller General under 31 U.S.C. 3511 or the standards developed by the Federal Accounting Standards Advisory Board (FASAB). However, the Library maintains its fund balances with the Department of the Treasury and submits information required to incorporate its financial and budget data into the overall federal government structure. For purposes of financial management and reporting, the Library has issued a regulation (LCR 1510) which adopts the federal standards for financial reporting and internal controls in a manner consistent with a legislative agency. The Library has not adopted the Federal Financial Management Improvement Act of 1996, the Federal Managers Financial Integrity Act and

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the Government Performance and Results Act, as these standards are not applicable to the Library. However, the Library uses these sources as guidance and reference in its operations.

All significant intra-agency balances and transactions have been eliminated in consolidation.

The statements include 5 (5) appropriated fund accounts; 11 (11) revolving funds; reimbursable funds (including four major programs); 93 (92) trust funds; and 133 (139) gift funds for fiscal year 2000 (and 1999, respectively).

C. Basis of Accounting

Transactions are recorded on the accrual basis and are within budgetary limitations established to facilitate compliance with legal constraints and controls over use of federal funds. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash.

The General Accounting Office (GAO), Office of Management and Budget (OMB), and Department of the Treasury established the Federal Accounting Standards Advisory Board (FASAB) for the purpose of considering and recommending accounting principles, standards, and requirements to GAO, Treasury, and OMB. FASAB has issued, and the three sponsoring organizations have approved, a comprehensive set of accounting standards which cover most transactions. The accompanying financial statements are prepared in accordance with these standards. However, transactions that are not addressed by these standards may still be incurred and the following hierarchy shall be viewed as the source of providing generally accepted accounting principles:

- Individual FASAB standards agreed to by the Controller General, the Director of OMB, and the Secretary of the Treasury, and

published by OMB and the General Accounting Office;

- Interpretations related to the FASAB standards issued by FASAB and Technical Releases issued by the FASAB's Accounting and Auditing Policy Committee;

- Requirements contained in OMB's Form and Content Bulletin in effect for the period covered by the financial statements;

- Library of Congress Regulations and Financial Services Directives; and

- Accounting principles published by authoritative standard setting bodies and other authoritative sources (1) in the absence of other guidance in the first four parts of this hierarchy, and (2) if the use of such accounting standards improve the meaningfulness of the financial statements.

D. Revenues and Other Financing Sources

The Library receives the majority of its funding to support its programs through five appropriations that include both annual and no-year funding. The appropriated funds may be used, within statutory limits, for operating and capital expenditures including equipment, furniture and furnishings. The five appropriations are:

- Library of Congress, Salaries and Expenses - (annual and no-year)
- Copyright Office, Salaries and Expenses - (annual and no-year)
- Congressional Research Service, Salaries and Expenses - (annual)
- National Library Service for the Blind and Physically Handicapped, Salaries and Expenses - (annual and no-year)

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- Furniture and Furnishings - (annual and no-year)

Additional amounts are obtained through reimbursements from services performed for other federal agencies as authorized by the Economy Act and the Library's annual appropriation legislation. Also, the Library receives gifts from donors and interest on invested funds. In addition, the Library operates several self-sustaining gift revolving funds which generate revenues from the sale of various products and services to the public and federal customers.

Appropriations are recognized as revenues at the time they are expensed. Other revenues are recognized when earned. Reimbursable and revolving fund revenue is recognized when goods have been delivered or services rendered.

E. Gift and Trust Funds

The Library administered 226 and 231 gift and trust funds with combined asset value of approximately \$150 million and \$79 million during fiscal years 2000 and 1999, respectively. Funds are restricted as to their use, which must be in accordance with the terms of the gift agreement. In general, funds are either temporarily restricted (principal may be spent) or permanently restricted (principal may not be spent). Additional restrictions may be imposed on trust funds by the terms of a trust agreement or donor's will. Library fund managers administer and oversee the gift and trust funds to ensure they are used as directed by the donors and in accordance with Library policy.

F. Fund Balance with Treasury

The amount shown as Fund Balance with Treasury represents the balances of the appropriated, reimbursable, gift and trust, revolving, deposit and custodial funds that are on deposit with the U.S. Treasury.

G. Cash and Other Monetary Assets

Cash and other monetary assets are defined as all cash not held by the U.S. Treasury. This category includes deposits in transit, cash on hand and **imprest** funds.

The Library receives and utilizes foreign currencies in carrying out operations abroad as it conducts business through six overseas offices. Foreign currency balances at year-end are immaterial to the consolidated financial statements.

H. Investments (Net)

Gift and Trust Funds - The Library of Congress Trust Fund Board determines the investment policy for the Library's gift and trust funds. The policy provides three options for investment of trust funds:

- a permanent loan with the U.S. Treasury
- a pool of U.S. Treasury market-based securities
- a private investment pool consisting of the following stock, index and money market funds utilized during fiscal year 2000 and 1999:
 - Vanguard Index Trust - Small Capitalization Stock Portfolio (Redeemed during fiscal year 1999)
 - Vanguard 500 Index Fund
 - Vanguard Total Stock Market Index Fund (Acquired during fiscal year 1999)
 - Vanguard Prime Money Market Fund
 - CGM Mutual Fund (Redeemed during fiscal year 1999)
 - Mutual Beacon Fund (Redeemed during fiscal year 1999)
 - Fidelity Fifty Fund
 - Fidelity Stock Selector

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● Robertson Stephens Funds - The Emerging Growth Fund

The policy for gift funds allows only for investment in U.S. Treasury market-based securities.

Under 2 U.S.C. 158, up to \$10 million of the Library's gift and trust funds may be invested with the U.S. Treasury as a permanent loan at a floating rate of interest, adjusted monthly, but no less than four percent per annum. The permanent loan is an interest bearing investment recorded at cost, which is market value.

Treasury securities are intended to be held to maturity, are valued at cost, and are adjusted for the amortization of discounts and premiums. Interest is computed using the straight-line method, which approximates the effective interest method.

Stock and money market funds are stated at current market value and are considered available for sale. Unrealized gains and losses are recognized and recorded as a component of non-exchange revenue in the statement of changes in net position.

All gift and trust fund investments are obtained and held by the gift and trust funds under conditions set forth in the respective gift and trust instruments.

Custodial Fund - Copyright royalties collected by the Copyright Office on behalf of copyright owners are invested, net of service fees, in U.S. Treasury securities. Treasury securities are intended to be held to maturity, are valued at cost and are adjusted for the amortization of discounts and premiums. Interest is computed using the straight-line method which approximates the effective interest method. These investments will be held until distributions are made to copyright owners. Income accrues to the benefit of the copyright owners.

Deposit Funds - Pursuant to Public Law 105-80, funds deposited by copyright applicants are invested, based on the unearned balance available, by the Copyright Office

in U.S. Treasury securities. Treasury securities are intended to be held to maturity, are valued at cost and are adjusted for the amortization of discounts and premiums. Interest is computed using the straight-line method, which approximates the effective interest method. These investments will be held until the deposit fees are earned and income accrues to the benefit of the Copyright Office.

I. Accounts Receivable

Accounts receivable generally resulted from billings to other federal agencies under reimbursable interagency agreements for data base retrieval and other library services. The Library has established an allowance for doubtful accounts of \$38,899 and \$4,012 for fiscal years 2000 and 1999, respectively, against governmental accounts receivable based on past collection experience. The Library does not record allowance for doubtful accounts for intragovernmental accounts receivable in accordance with FASAB's Statement of Federal Financial Accounting Standards (SFFAS) No. 1, "Accounting for Selected Assets and Liabilities," which cites that "losses on receivables should be recognized when it is more likely than not that the receivable will not be totally collected". Intragovernmental receivables are likely to be totally collected.

J. Pledges Receivable

Contributions of unconditional promises to give (pledges) to the Library and the Library of Congress Trust Fund Board are recognized as donated revenue in the period the pledge is received. They are recorded at their estimated present value using a market-based discount rate. Accretion of the discount in subsequent years is also recorded as donated revenue. Substantially all of the Library's pledges are from major corporations or donors. In the past, the Library has collected all pledges in full, therefore, no allowance for uncollectible pledges has been established.

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K. Inventory

The Library's inventories are primarily comprised of bibliographic products, unissued supplies and unused postage that will be consumed in future operations, materials used to reproduce printed materials, sound recordings for both internal and external sales, and sales shop merchandise for resale. Consumable operating supplies are valued at cost using a first-in first-out method of valuation. Sales shop merchandise is valued at cost or market, whichever is lower. The recorded values of inventory and operating materials and supplies are adjusted for the results of periodic physical counts.

L. Property and Equipment

For fiscal years prior to 1998, the Library capitalized furniture and equipment at cost if the initial acquisition cost was \$10,000 or more. Starting in fiscal year 1998, the Library capitalizes furniture and equipment at cost if the initial acquisition cost is \$25,000 or more. Depreciation is computed on a straight-line basis using estimated useful lives.

The largest category of equipment is for the National Library Service for the Blind and Physically Handicapped lending program which is classified as equipment on loan to the public in Note 8. The Library purchases this unique, specially designed equipment from the manufacturer in large lots with a high bulk value. For financial reporting purposes, the machines are grouped by the aggregate amount purchased and shipped to machine lending agencies during a fiscal year. Each fiscal year group is then accounted for over the estimated useful life of the assets in the aggregate. The value of the equipment does not include any freight or postage costs. These shipping costs are included under the U.S. Postal Service's "free matter for the blind and physically handicapped." The value of this service has not been determined.

Operating equipment is amortized over a 3 to 20 year period. ADP software is software purchased from

outside vendors with an estimated useful life of three years or more and a value of at least \$10,000 per item acquired in fiscal years 1997 and prior or at least \$100,000 per item acquired in fiscal years after 1998.

Leased equipment meeting the criteria for capitalization in accordance with Statements of Federal Accounting Standards is included in property and equipment.

The Library occasionally acquires property and equipment by direct gift or by purchase from funds donated for a specific purpose or project. Because property is generally not restricted for use to gift and trust activities, property accounts are not maintained in the gift and trust funds. Capitalized property and equipment acquired through gifts are recognized as donated revenue in the gift and trust funds and transferred to the Library's appropriated fund. The Library records the donated property and equipment at its fair market value at the time of the gift.

Land and buildings are excluded from the Library's property and equipment accounts because they are under the custody and control of the Architect of the Capitol. This arrangement encompasses four Capitol Hill buildings (the Thomas Jefferson, James Madison, John Adams Buildings, and the Special Facilities Center) and a secondary storage facility at Fort Meade, Maryland. Costs associated with the acquisition and maintenance of these buildings are accounted for by the Architect. However, in accordance with SFFAS No. 4, "Managerial Cost Accounting Standards," a current year expense of \$30.1 million and \$25.6 million was recorded for the acquisition and maintenance of these buildings for fiscal years 2000 and 1999, respectively, and was offset by an imputed financing source, which represents the amount being financed by the Architect. In fiscal years 2000 and 1999, the Architect received appropriations totaling \$16.0 million and \$12.7 million, respectively, to fund the structural and mechanical care of these buildings. This appropriation is not reflected in the accompanying consolidated financial statements. The Library does capitalize and depreciate leasehold improvements to all of its facilities as long as the

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improvement was made using the Library's funding sources.

M. Library Collections

The Library's collections are classified as heritage assets, and their value is not presented on the financial statements. Stewardship information covering the acquisition, use, preservation, and security of the collections is contained in a supplementary Stewardship Report.

N. Liabilities

Liabilities represent the amounts- that are likely to be paid by the Library as a result of transactions that have already occurred. Liabilities for which an appropriation has not been enacted, or are the result of deposit account activities, are classified as liabilities not covered by budgetary resources. For accrued unfunded annual leave, compensatory time earned, workers' compensation and capital lease liabilities, it is not certain that appropriations will be enacted to fund these amounts.

Advances From Others are funds received for the reimbursable programs, the Photoduplication Service and the Cooperative Acquisitions Program that have not yet been earned.

Custodial and Deposit Liabilities are customer funds on deposit for Copyright and Cataloging Distribution Service products and services. This category also includes the custodial funds for Copyright royalties.

Accrued Annual and Compensatory Leave - The Library's basic leave policy is contained in Title 5, U.S.C.; the Uniform Annual and Sick Leave Regulations of the Office of Personnel Management; and the decisions of the Comptroller General. Generally, each

employee may carry forward a maximum of 240 hours of annual leave per calendar year. Accrued annual leave is accrued as it is earned and adjusted at the end of each fiscal year based on annual leave earned and taken. Annual leave earned in excess of the maximum permitted carryover is forfeited. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates.

Employees' compensatory time earned but not taken is also accrued at year-end. An employee may accumulate a maximum of 40 hours of compensatory time during the fiscal year. A maximum of 20 hours may be carried forward from one leave year to the next only when it was earned during the last pay period of the leave year. Exceptions to the accumulation and carry forward rules require the approval of the Librarian or his/her designee.

Sick leave and other types of nonvested leave are expensed as taken.

Capital Lease Liabilities are liabilities resulting from capital leases of equipment.

0. Federal Employee Benefits

Approximately 50 and 52 percent of the Library's employees participate in the Civil Service Retirement System (CSRS) during fiscal years 2000 and 1999, respectively, to which the Library makes contributions equal to 8.5 percent of pay. A small number of employees under CSRS are also covered by Social Security (FICA) for which the Library's contribution is slightly less. An additional 46 and 45 percent of the Library's employees were covered by the Federal Employees Retirement System (FERS) during fiscal years 2000 and 1999, respectively, to which the Library makes employer contributions equal to 10.7 percent of pay, in addition to matching employee Thrift Savings

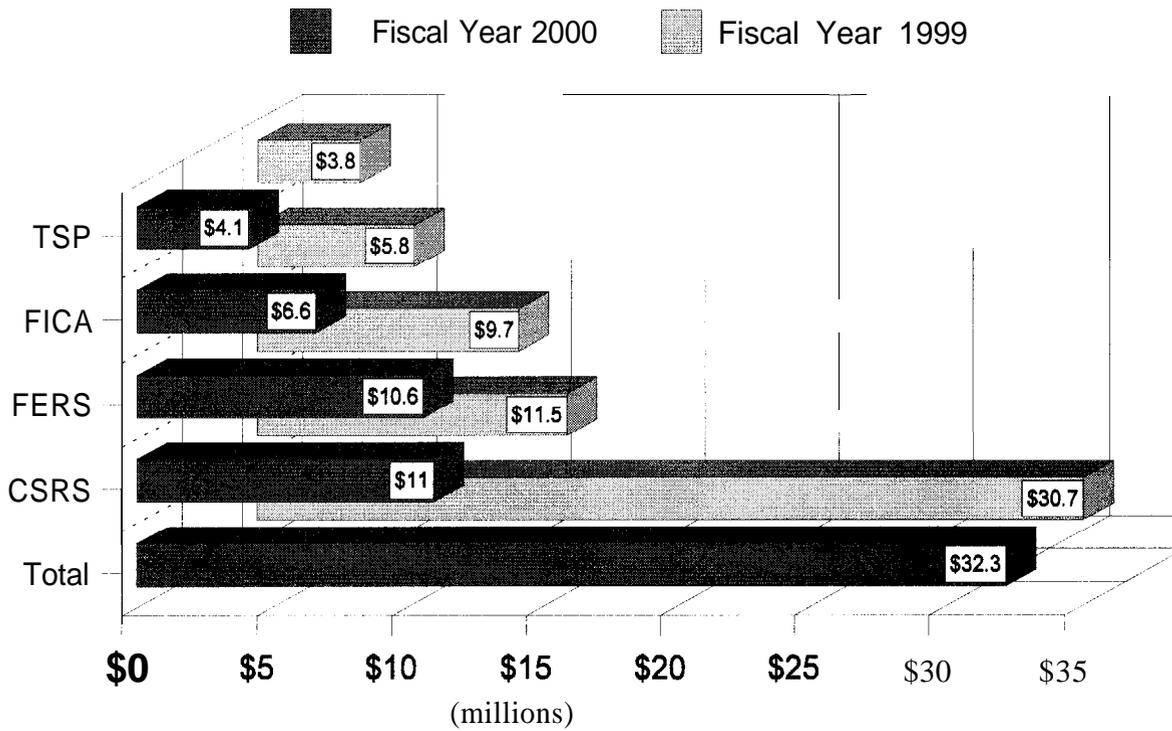
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Plan (TSP) contributions up to an additional 5 percent of pay. Under FERS, the employee is also covered by FICA to which the Library contributes the employer's matching share. The remaining 4 percent and 3 percent during fiscal year 2000 and 1999, respectively, of the Library employees were only covered by FICA to which

the Library contributes the employer's matching share.

The accrued amounts due for the contributions due at the end of the fiscal year are reported as liabilities covered by budgetary resources.

Contributions To Federal Employment Programs For Fiscal Years 2000 and 1999



The actuarial present value of accumulated benefits, assets available for benefits, and unfunded pension

liability of Social Security, FERS and CSRS is not allocated to individual Federal departments and

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agencies. However, in accordance with SFFAS No. 5, "Accounting for Liabilities of the Federal Government," current year expenses of \$20.4 million and \$20.9 million were recorded for the service cost of the Library's employee retirement, health and life insurance benefits during fiscal years 2000 and 1999, respectively, and was offset by an imputed financing source, which represents the amount being financed directly by OPM.

P. Intragovernmental Activities

Inter-entity costs are costs of services provided by other Federal entities to the Library. When these costs are provided at no cost or at a reduced cost, the Library recognizes in its accounting records the full costs of the services it receives as an expense and as a corresponding financing source. These financial statements include unreimbursed inter-entity costs for the Architect of the Capitol, Office of Personnel Management and the Government Printing Office.

The financial activities of the Library interact with and depend on other federal government agencies. Thus, the Library's consolidated financial statements do not reflect all financial decisions and activities applicable to it as if it were a stand-alone entity.

1. The Library's consolidated financial statements are not intended to report the agency's share of the federal deficit or of public borrowings, including interest thereon.
2. The Library's program for the blind and physically handicapped participates in the U. S. Postal Service's "Matter for Blind and Other Handicapped Persons" program (39 U.S.C. 3403 - 3406). This Postal Service program receives an appropriation from Congress to provide free postage for qualifying organizations, programs, and individuals such as mail from war zones, letters from blind people to anyone, and organizations which

work for the blind. The Library's National Library Service for the Blind and Physically Handicapped uses this free matter program for mailing all books and equipment to its participating lending libraries and patrons.

3. Governmental Services:

a. The Library is authorized to provide to other federal libraries and agencies services such as automated library information and other data base retrieval services through data base vendors and in-house research studies. These services are provided on a cost reimbursement basis and are billed in advance of providing the services. At year-end the Library estimates the amount received in advance (Advances From Others - Intragovernmental) and the amount to be received for services provided (Accounts Receivable - Intragovernmental).

b. Three government agencies provide administrative services to the Library on a reimbursable basis:

- The Department of Agriculture's National Finance Center (NFC) processes the Library's personnel, payroll, and employee benefits accounting transactions. In fiscal years 2000 and 1999, the Library paid \$453,768 and \$469,856 for these services, respectively.
- The Library utilizes the services of the Department of State as documented by the International Cooperative Administrative Support Services (ICASS) system to support the Library's six overseas field offices

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The Library paid \$1,140,891 and \$956,855 for these support services in fiscal years 2000 and 1999, respectively.

- The General Services Administration (GSA) provides building and vehicle leasing services for the Library. (See Note 9B)

c. As noted under Note 1.L, the Architect of the Capitol provides the structural and mechanical care of the Library's Capitol Hill facilities and remote storage site at Fort Meade, Maryland.

Q. Related Party Organizations and Transactions

The Library lends support to several related organizations, projects, and programs from which it receives benefits in various forms. The following is a list of these organizations or programs:

1. Civilization Magazine - *Civilization*, a bimonthly magazine published under license from the Library by Civilization, L.L.C., a limited liability company based in Delaware, was launched in November, 1994. The original publisher was L.O.C. Associates, L.P., which sold their interest to Civilization, L.L.C., in January 1997. Under the licensing agreement, the Library may receive donations and must approve all promotional, editorial, and advertising material using the Library's name. In September, 2000, the publisher announced that the last issue would be the October/November, 2000 issue.

2. Telephone Pioneers of America - The Telephone Pioneers is a large industry-related organization that voluntarily repairs playback

machines for the blind and physically handicapped program. Approximately 1,500 Telephone Pioneers (AT&T retirees) and Elfuns (General Electric retirees) repair the cassette book machines and talking book machines. Their labor is valued at \$4.2 million per year.

3. Library of Congress Child Care Association (LCCCA) - The LCCCA is a nonprofit corporation under the District of Columbia's Nonprofit Corporation Act. It was granted 501(c)(3) status by the Internal Revenue Service on August 31, 1992, and currently operates as the "Little Scholars Child Development Center." The Center is located on the ground floor of the Library's Special Facilities Center, 601 East Capitol Street, District of Columbia. The Center provides child care for Library employees and other federal and non-federal employees. Its operations, management, and employees are the responsibility of the LCCCA and not the Library. However, the Library and the Architect of the Capitol support the Center with equipment, free space, cleaning and maintenance of grounds and building, utilities, local telephone service, and security. The value of the services provided by the Library cannot be readily determined. The Library provides an official who is a non-voting representative on the Center's Board of Directors and who acts as a liaison with the Library.

4. The Archer M. Huntington Charitable Trust - This charitable trust was established in 1936 and is controlled and invested by the Bank of New York. The assets of the endowment are not a part of the Library of Congress Trust Fund Board and the Board's only control over its investment activities is through the Librarian of Congress' role as trustee. The trust is defined as a split-interest

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agreement with a fair value of assets of \$8,144,350 and \$6,874,129 at September 30, 2000 and 1999, respectively. The Library is entitled to one-half of the income from the trust for perpetuity, which is used to support a rotating consultantship to bring "distinguished men of letters . . ." to the Library. Currently, the income assists in the funding of a "poet laureate" position. In fiscal years 2000 and 1999, the Library received \$146,605 and \$120,498 from the trust, respectively.

5. Ira and Leonore Gershwin Trust Fund and Related Charitable Trust - Under the will of Mrs. Leonore Gershwin, the Library of Congress Trust Fund Board is the beneficiary of 37.5 percent of Mrs. Gershwin's "1987 Trust." The will established the "Library Charitable Trust" which was accepted by the Library of Congress Trust Fund Board in January 1992. The primary purpose of the Trust is to perpetuate the name and works of George and Ira Gershwin through all resources of the Library. The Charitable Trust does not belong to the Library but is a separate entity administered by trustees. The net income of the Charitable Trust is distributed to the Library's Ira and Leonore Gershwin Trust Fund monthly or in installments after the Library submits project requests. Income is recorded by the Library in the period received. The balance of principal of the Charitable Trust will be distributed to the Library in 2033, fifty years after the date of death of Ira Gershwin. The Library received 339,872 and \$771,089 in goods, services and direct contributions from the trust during fiscal year 2000 and 1999, respectively.

6. "Friends" Organizations - Three organizations lend support to Library programs through gifts of money and other property but are incorporated as independent entities under the Internal Revenue Service Code, Section 501 (c)(3).

a. Millennium Foundation, Inc. - The Foundation operates for charitable, educational and literary purposes solely to benefit, support, and carry out the purposes of the Library. The Library allows the Foundation to use its name in connection with the performance of activities approved by the Library. This right exists only so long as the Foundation is engaged in activities that directly or indirectly support the mission and objectives of the Library.

b. Friends of the Law Library - This national non-profit organization supports educational programs, outreach, research, and the acquisition of rare materials and other activities of the Law Library not covered by federal appropriations.

c. Friends of Libraries for the Blind - The non-profit organization's purpose is to heighten awareness and visibility of national library services for blind and physically handicapped individuals in the United States and Canada and assist and promote library services, provide cultural enrichment programs and create and issue periodic communications on topics related to blind and physically handicapped individuals.

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2 *Fund Balance With Treasury*

Fund balance with Treasury at September 30, 2000, is summarized as follows:

	2000	1999
1. ENTITY		
Appropriated Funds	\$108,894,727	\$97,999,730
Reimbursable Funds	47,739,785	44,631,363
Gift and Trust Funds	13,173,831	12,558,537
Revolving Funds	6,747,422	8,429,635
Total Entity	\$176,555,765	\$163,619,265
2. NON-ENTITY		
Custodial Funds	\$90,807	\$140,737

(1) At September 30, 2000 and 1999, the gift and trust fund balance with Treasury included \$10 million invested in the permanent loan at interest rates of 5.6 percent and 6 percent, respectively.

3 *Cash and Other Monetary*

Cash and Other Monetary Assets consists of the following:

	2000	1999
Entity:		
Cash On Hand:	\$689,394	\$1,557,984
Imprest Funds	46,057	45,057
Deposits In Transit	244,325	122,427
Total Entity	\$979,776	\$1,725,468
Non Entity:		
Custodial Funds	\$0	\$16,779

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4 *Custodial Funds*

The Library of Congress Copyright Office Licensing Division administers the compulsory and statutory licenses covered by the Copyright Act (17 U.S.C.). The Licensing Division receives royalty fees from the cable television operators for retransmitting television and radio broadcasts, from satellite carriers for retransmitting “superstation” and network signals, and from importers and manufacturers for distributing digital audio recording products (DART). Refunds may arise when a cable, satellite, or DART remitter inadvertently overpays or is otherwise entitled to a refund. The Licensing Division invests the licensing royalty fees in market-based U.S. Treasury notes and bills. Because these investments are held in a custodial capacity for the copyright owners, income does not accrue to the Library’s benefit.

If disputes arise regarding the disposition of the royalties, the Librarian convenes a Copyright Arbitration Royalty Panel. The panel consists of three arbitrators selected from a list of professional arbitrators nominated by professional arbitration associations. The Librarian, upon the recommendation of the Register of Copyrights, selects two of the three arbitrators who, in turn, select the third arbitrator. This individual serves as the chairperson of the panel.

The Librarian reviews the panel’s decisions and has 90 days to adopt or reject the panel’s decision. Decisions may be appealed to the United States Court of Appeals for the District of Columbia Circuit.

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5 *Investments, Net*

Investments at September 30, 2000 and 1999 are as follows:

	2000			1999		
	A. Intragovernmental Investments Non-Marketable, Market-Based	B. Other Investments Private Sector	Total	A. Intragovernmental Investments Non-Marketable, Market-Based	B. Other Investments Private Sector	Total
Face Value	\$650,161,000		\$650,161,000	\$811,005,000		\$811,005,000
Cost		23,722,740	23,722,740		\$17,731,283	17,731,283
Unamortized Premium	448,490		448,490	867,236		867,236
Unrealized Discount	2,198,574		2,198,574	2,531,046		2,531,046
Interest Receivable	785,503		785,503	1,002,656		1,002,656
Investments, Net	649,196,419	23,722,740	672,919,159	810,343,843	17,731,283	828,075,129
Market Value	\$648,347,301	\$26,368,508	\$674,715,809	\$808,348,930	\$18,879,646	\$827,228,576

A. Intragovernmental Investments

Non-marketable, market-based securities are Treasury notes and bills issued to governmental accounts that are not traded on any securities exchange, but mirror the prices of marketable securities with similar terms. Trust fund investment maturity dates for fiscal years 2000 and 1999 range from October 2, 2000 to February 15, 2005 and October 7, 1999 to February 15, 2003, respectively, and interest rates for the same fiscal year ranges from 5.7 percent to 10.8 percent and 4.4 percent to 8.9 percent, respectively.

Custodial funds investment maturity dates for fiscal years 2000 and 1999, range from October 12, 2000 to August 31, 2001 and October 14, 1999 to August 31, 2000, and interest rates for the same fiscal years range

from 4.9 percent to 6.0 percent and 4.4 percent to 6.9 percent, respectively.

B. Other Investments

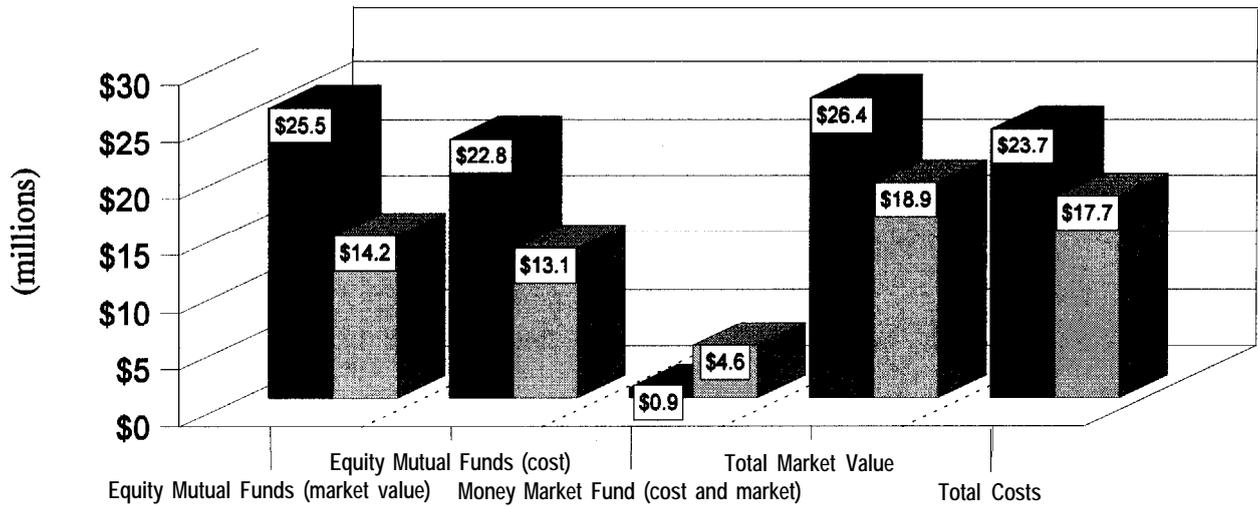
Other investments are the Library's investments in private sector money market and mutual funds. Cost was derived from the investments made plus reinvested gains, dividends, and interest.

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Balances at September 30, 2000 and 1999, are as follows:

Non-Treasury Investments

Fiscal Year 2000
 Fiscal Year 1999



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6 Receivables

A. Accounts Receivable

The breakdown of consolidated gross and net accounts receivable at September 30, 2000 and 1999, are as follows:

	2000	1999
Entity		
Intragovernmental		
Accounts Receivable, Gross	\$8,831,567	\$4,359,014
Allowance for Doubtful Accounts		
Accounts Receivable, Net	8,831,567	4,359,014
Other		
Accounts Receivable, Gross	311,006	385,897
Allowance for Doubtful Accounts	38,876	4,012
Accounts Receivable, Net	272,130	381,885
Non-Entity		
Intragovernmental		
Accounts Receivable, Gross	3,838	7,198
Allowance for Doubtful Accounts		
Accounts Receivable, Net	3,838	7,198
Other		
Accounts Receivable, Gross	1,437	20,266
Allowance for Doubtful Accounts	23	
Accounts Receivable, Net	1,414	20,266

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B. Pledges Receivable

At September 30, 2000 and 1999, the Library had unconditional pledges of contributions totaling \$73.3 million and \$15.2 million, which were discounted

through fiscal years 2005 and 2004 at a market discount rate and included in the statement of financial position at their discounted value of \$71.7 million and \$13.5 million, respectively.

The amounts due in future years, at September 30, at their current discounted value are:

Fiscal Year	2000	1999
2000	\$0	\$6,049,275
2001	65,362,467	3,067,583
2002	3,326,417	2,025,772
2003	1,694,906	1,121,666
2004	924,846	1,209,330
2005	385,941	0
Total	\$71,694,577	\$13,473,626

(1) The significant increase in pledges receivable is the result of a \$60 million gift (of which \$57 million is pledges pending) from John W. Kluge, chairman of the Library's private-sector support group, the James Madison Council.

THE LIBRARY OF CONGRESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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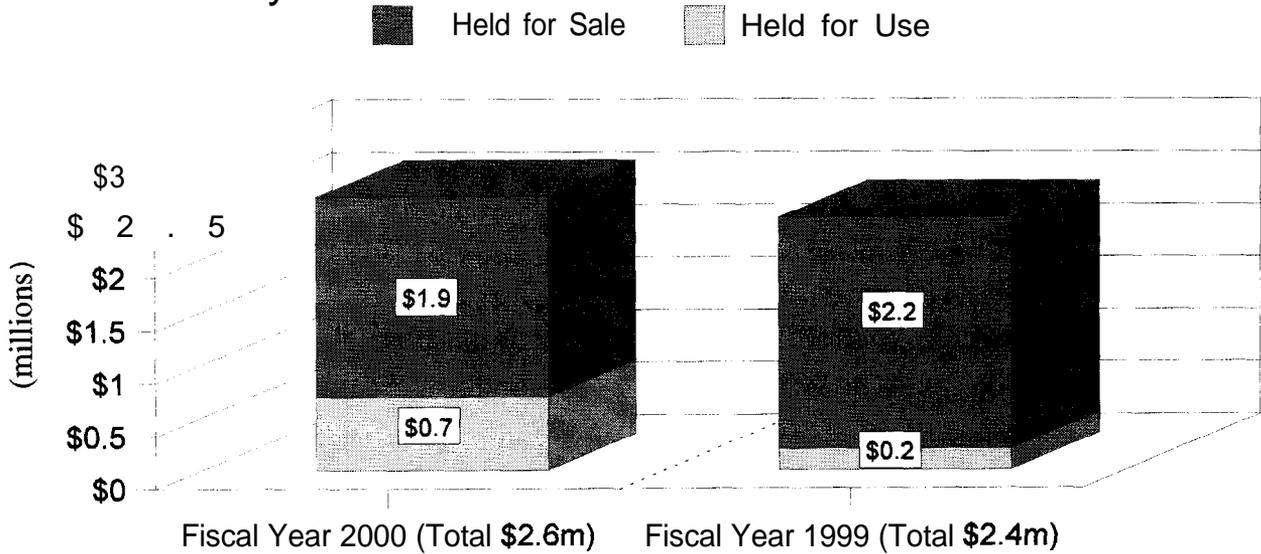
7 *Inventory*

The Library's inventory is primarily comprised of bibliographic products, unissued supplies and unused postage that will be consumed in future operations,

materials used to reproduce printed materials, sound recordings for both internal and external sales, and sales shop merchandise for resale.

The following table shows inventory held for use and held for sale at September 30, 2000 and 1999:

Inventory Classification for Fiscal Years 2000 and 1999



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8 Property and Equipment

Property and equipment accounts are maintained in three categories of funds: Appropriated, Reimbursable and Revolving. The appropriated fund category includes all property and equipment used by the Library for general operations. Property and equipment purchased by FEDLINK, the Federal Research Division and the

Integrated Support Services Administrative Working Fund are recorded in the reimbursable fund. Property and equipment purchased by Photoduplication Services and the Recording Laboratory are recorded in the revolving fund.

The following table shows property and equipment, combined for the three categories, which were capitalized at September 30, 2000 and September 30, 1999.

Classes of Property and Equipment	2000			1999		
	Acquisition Value	Accumulated Depreciation/Amortization	Net Book Value	Acquisition Value	Accumulated Depreciation/Amortization	Net Book Value
Operating equipment	\$44,676,874	34,860,703	9,816,171	\$44,353,476	\$35,972,800	\$8,380,676
ADP software	5,300,464	3,368,951	1,931,513	5,103,802	2,727,081	2,376,721
Furniture & Furnishings	959,808	271,683	688,125	959,808	223,692	736,116
Capital Leases	10,122,381	4,226,759	5,895,622	11,076,933	1,321,604	9,755,329
Leasehold Improvements	10,115,800	6,976,738	3,139,062	9,902,047	6,158,220	3,743,827
NLS/BPH Equipment - loan to public	88,773,663	49,656,499	39,117,164	88,293,488	50,140,274	38,153,214
Total	\$159,948,990	\$99,361,333	\$60,587,657	\$159,689,554	\$96,543,671	\$63,145,883

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9 Leases

A. Capital Leases

The Library has capitalized leases for machinery and equipment at a net book value of \$5,895,622 and \$9,755,329 as of September 30, 2000 and 1999, respectively.

The lease agreements are annual fiscal year contracts that are subject to the availability of funding. The agreements contain a lease to purchase provision and there is no penalty for discontinuing the lease and

turning back equipment prior to the completion of the agreement. During fiscal year 1999, the Library entered into a three year incremental funding agreement with the General Services Administration for the purchase of computer data storage equipment. The payments for this incremental funding agreement are not evenly distributed over the term of the agreement and are accrued based on available funding, as long as the minimum payment is made by the end of the fiscal year. Estimated future minimum lease payments are as follows:

Fiscal Year Ended September 30	2000	1999
2000		\$1,363,432
2001	\$486,942	4,376,821
2002	153,405	153,405
2003	111,038	111,038
2004	27,759	27,760
2005	0	0
Total Future Lease Payments	779,144	6,032,457
Less: Imputed Interest	52,273	92,612
Net Capital Lease Liability	\$726,871	\$5,939,845

B. Operating Leases

The Library leases office space and vehicles from the General Services Administration and has entered into other operating leases for various types of equipment. Additionally, the Library's overseas field offices lease

operating space from the Department of State. Lease costs for office space, vehicles and equipment for fiscal year 2000 and 1999 amounted to \$2,497,288 and \$3,575,486, respectively. Estimated future minimum lease payments through fiscal year 2005 are as follow:

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Fiscal Year Ended September 30	2000	1999
2000	\$0	\$3,291,086
2001	2,302,240	1,012,226
2002	195,228	117,646
2003	83,325	13,935
2004	31,154	13,935
2005	13,935	0
Total Estimated Future Lease Payments	\$2,625,882	\$4,448,828

10 *Workers' Compensation*

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for Library employees under FECA are administered by the Department of Labor (DOL) and later billed to the Library.

The Library accrued \$1,898,963 and \$1,954,723 of unbilled or unpaid workers' compensation costs as of September 30, 2000 and 1999, respectively, and established an estimated **unfunded** liability for future costs based on historical claims rates. The estimated future unfunded liability is \$9,587,970 and \$9,611,260 as of September 30, 2000 and 1999, respectively, and is based on a ten year projection.

11 *Contingent Liabilities*

Several claims relating to employment matters are outstanding against the Library. While management cannot predict the outcome of the claims and is unable to estimate the potential loss, the maximum loss under each claim may not exceed \$300,000 in compensatory

damages, plus any equitable relief (back pay, front pay, attorney's fees). Under law, any claims settled internally would be paid from the Library's funds and any claims defended in court would be settled by the Treasury's Claims, Judgments and Relief Act Fund.

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12 *Other Liabilities*

Other Liabilities as of September 30, 2000 and 1999 are comprised of the following:

	2000 Current	1999 Current
A. Other Liabilities covered by budgetary resources:		
Deferred Credits	\$3,398,408	\$284,632
B. Other Liabilities not covered by budgetary resources:		
Accounts Payable	46,013	
Liability with Treasury - Cash in Safe	9,822	
Custodial Liability	5,273	31,937
Totals	\$3,459,516	\$316,569

13 *Unexpended Appropriations*

The components of unexpended appropriations at September 30, 2000 and 1999 are as follows:

	2000	1999
Undelivered Orders	\$61,917,724	\$51,563,856
Unobligated		
(a) Available	8,767,016	11,695,454
(b) Unavailable	8,005,449	7,423,860
Total Unexpended Appropriations	\$78,690,189	\$70,683,170

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Unexpended appropriations consist of unobligated balances and undelivered orders. Unobligated balances represent amounts appropriated which are unobligated and have not lapsed, been rescinded, or withdrawn.

Undelivered orders represent obligations the Library had incurred as of September 30, 2000 and 1999, for goods and services which were ordered but had not been received by that date.

14 *Eliminations*

A. Balance Sheet

	2000	1999
	Eliminations	Eliminations
Assets:		
Entity: Intragovernmental		
Accounts Receivable	\$1,700,064	\$680,938
Other Assets	191,274	1,168,671
Total Eliminations	\$1,891,338	\$1,849,609
Liabilities covered by budgetary resources:		
Intragovernmental		
Accounts Payable	\$1,699,254	\$680,938
Advances from Others	192,084	1,168,671
Total Eliminations	\$1,891,338	\$1,849,609

The elimination amounts in this note have been excluded from the corresponding line amounts on the consolidated statements.

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B. Net Costs

	2000	1999
	Eliminations	Eliminations
Program Costs:		
Library Services	\$5,159,958	\$4,477,534
Law Library	159,178	19,545
Copyright Office	4,040,016	799,933
Congressional Research Service	1,232,367	940,431
National Library Service for the Blind and Physically Handicapped	88,897	103,834
Reimbursable Funds	988,950	1,134,316
Revolving Funds	473,477	481,932
Total Eliminations	\$12,142,843	\$7,957,525
Earned Revenue:		
Library Services		\$785
Copyright Office	\$3,309,829	
Reimbursable Funds	6,345,636	5,543,000
Revolving Funds	2,487,378	2,413,740
Total Eliminations	\$12,142,843	\$7,957,525

The elimination amounts in this note have been excluded from the corresponding line amounts on the consolidated statements.

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15 *Program Costs by Budget Object Classification*

Consolidated	2000	1999
Personnel Services and Benefits	\$317,498,547	\$302,171,520
Travel and Transportation	3,101,389	2,607,230
Rental, Communication and Utilities	8,826,422	8,660,729
Printing and Reproduction	4,605,069	4,456,378
Contractual Services	112,040,901	84,649,625
Supplies and Materials	8,600,645	8,979,852
Library Materials	61,328,370	58,322,974
Non-Capitalizable Equipment	10,970,926	14,516,942
Depreciation and Amortization	23,433,749	26,938,353
Grants, Subsidies and Contracts	4,964,641	2,048,958
Other Program Costs	1,009,151	19,788
Total Program Costs	\$556,379,810	\$513,372,349

The Library's collections are classified as heritage assets, and \$14,812,347 and \$13,850,493 of the amount designated as "Library Materials" above represents the fiscal years 2000 and 1999 cost incurred by the Library for heritage assets.

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16 *Program Costs and Earned Revenue by Functional Classification*

Program Costs by Functional Classification - Consolidated

Function Classification	2000	1999
International Affairs		
Commerce and Housing Credit	\$51,582,026	\$47,839,034
Education, Training, Employment and Social Services	407,924,460	369,974,388
General Government	96,857,032	95,558,892
Income Security	16,292	
Other		35
Total	\$556,379,810	\$513,372,349

Earned Revenue by Functional Classification - Consolidated

Function Classification	2000	1999
Commerce and Housing Credit	\$25,296,431	\$18,252,272
Education, Training, Employment and Social Services	63,821,338	58,997,432
General Government	17,645	16,855
Total	\$89,135,414	\$77,266,559

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17 *Exchange Revenues*

In accordance with Library of Congress Regulation (LCR) 1510 Financial Services, the Library must comply with any OMB circular or bulletin if it is specifically prescribed in an (1) LCR, (2) FSD Directive, or (3) if required by law. OMB Circular No. A-25, User Charges, does not fall into any of these three categories, but may be used by the Library as a useful point of reference. Circular No. A-25 requires that user charges be sufficient to recover the full costs to the Federal Government. Full costs includes all direct and indirect costs to any part of the Federal Government of providing the good or service, including unreimbursed inter-entirety costs.

The Copyright Office's registration operations have legislatively mandated fees, which do not require the

recovery of the full costs of operations. The Register is authorized to fix fees at a level not more than necessary to recover reasonable costs incurred for services plus a reasonable adjustment for **inflation**. Fees should also be fair and equitable and give due consideration to the objectives of the copyright system.

If the Library were to increase fees and prices to recover full costs to the government of providing these goods and services, this would in some cases reduce the quantity of goods and services demanded. It is not practicable to provide reasonable estimates regarding (1) revenue foregone from charging fees that do not recover full costs to the government and (2) to what extent the quantity of goods and services demanded would change as a result of changes in prices and fees.

18 *Classification of Program Costs*

Fiscal year 2000	Intragovernmental		Public (Production)	Total
	Production	Non-Production		
Library Services	\$59,953,721	\$18,523	\$209,995,936	\$269,968,180
Law Library	4,780,713	701	10,843,538	15,624,951
Copyright Office	14,114,114	12,328	37,797,831	51,924,273
Congressional Research Service	22,831,843	11,186	74,989,397	97,832,426
National Library Service for the Blind and Physically Handicapped	3,399,429	1,372	42,220,114	45,620,915
Reimbursable Funds	2,751,575	7,169	56,594,952	59,353,696
Revolving Funds	3,751,458		12,303,911	16,055,369
Costs not Assigned to Programs				

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Fiscal year 1999	Intragovernmental		Public (Production)	Total
	Production	Non-Production		
Library Services	\$59,754,185	\$123,703	\$179,168,539	\$239,046,427
Law Library	4,132,700	2,203	10,427,628	14,562,531
Copyright Office	13,131,169	10,726	34,897,426	48,039,321
Congressional Research Service	21,329,115	13,392	74,612,301	96,017,808
National Library Service for the Blind and Physically Handicapped	3,966,754	2,763	42,428,185	46,397,702
Reimbursable Funds	4,811,453	784	48,849,300	53,661,537
Revolving Funds	4,470,796	16,149	11,160,043	15,646,988
Costs not Assigned to Programs			35	35

19 Imputed Financing

In accordance with SFFAS No. 4, "Managerial Cost Accounting Standards", the Library has recorded expenses for the unreimbursed full costs of goods and services that it receives from other Legislative Branch agencies (i.e., the Architect of the Capitol and the Government Printing Office) and Executive Branch agencies specifically identified for fiscal years 2000 and 1999 reporting by the Office of Management and Budget (i.e., the Office of Personnel Management). Since these costs are not actually paid to the other agencies, an imputed financing source (revenue) is recorded to offset these costs.

The \$5 1.4 million and \$47.1 million of imputed financing for fiscal years 2000 and 1999, respectively, consists of \$30.1 million and \$25.6 million to offset the recorded costs of the Architect of the Capitol (Library buildings and grounds costs), \$0.7 million and \$0.6 million to offset the recorded costs of the Government Printing Office (exchange program costs) and \$20.4 million and \$20.9 million to offset the recorded costs of the Office of Personnel Management (staff benefits costs) for fiscal years 2000 and 1999, respectively. For fiscal year 2000, an additional \$0.2 million of imputed financing was recognized to offset the recorded costs of the Treasury Judgement Fund for settled legal claims.

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20 Unexpended Appropriations

The change in unexpended appropriations consists of the following:

	2000	1999
Treasury Warrants from Appropriations	\$385,946,000	\$363,640,000
Non-Expenditure Transfers from other agencies*	9,737,685	12,913,315
Other Miscellaneous Changes, Net		0
Canceled Authority	(3,642,338)	(4,380,271)
Rescissions	(1,592,390)	0
Appropriated Capital Used	(382,441,938)	(369,861,197)
Increase in Unexpended Appropriations	\$8,007,019	\$2,311,847

*\$10,000,000 from Agency for International Development and (\$262,315) from the U.S. Senate in fiscal year 2000
 \$9,262,315 from the U.S. Senate and \$3,651,000 from the U.S. Capitol Police in fiscal year 1999.

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21 *Budgetary Resources*

Budgetary Resources are classified as follows:

	2000			1999		
	Appropriated Capital	Non-Appropriated Capital	COMBINED	Appropriated Capital	Non-Appropriated Capital	COMBINED
Budgetary Resources:						
Budget Authority	\$395,683,685		\$395,683,685	\$376,553,115	(\$16,909)	\$376,536,206
Unobligated balances - beginning of period	19,049,629	\$827,052,438	846,102,067	17,062,685	754,462,025	771,524,710
Spending authority from offsetting collections	629,143	343,004,643	343,633,786	539,122	362,731,930	363,271,052
Adjustments, net	(3,655,889)	3,060,759	(595,130)	(3,215,195)	3,216,722	1,527
Total budgetary resources	\$411,706,568	\$1,173,117,840	\$1,584,824,408	\$390,939,727	\$1,120,393,728	\$1,511,333,495
Status of Budgetary Resources:						
Obligations incurred, new	\$394,931,660	\$505,416,701	\$900,348,361	\$371,890,098	\$293,341,331	\$665,231,429
Unobligated balance - available	8,767,015	652,965,282	661,732,297	11,695,454	812,948,974	824,644,428
Unobligated balance - not available	8,007,893	14,735,857	22,743,750	7,354,175	14,103,463	21,457,638
Total, status of budgetary resources	\$411,706,568	\$1,173,117,840	\$1,584,824,408	\$390,939,727	\$1,120,393,728	\$1,511,333,495
Outlays						
Obligations incurred	\$394,931,660	\$505,416,701	\$900,348,361	\$371,890,098	\$293,341,331	\$665,231,429
Less: spending authority from receipts and adjustments	2,207,983	347,183,959	349,391,942	1,704,018	366,870,847	368,574,865
Subtotal	392,723,677	158,232,742	550,956,419	370,186,080	(73,529,516)	296,656,564
Obligated balance, net - beginning of period	79,500,009	42,911,551	122,411,560	76,688,659	39,288,289	115,976,948
Less: obligated balance, net - end of period	92,170,861	41,446,158	133,617,019	79,500,009	42,911,551	122,411,560
Total outlays	\$380,052,825	\$159,698,135	\$539,750,960	\$367,374,730	(\$77,152,778)	\$290,221,952

(1) The net amount of budgetary resources obligated for undelivered orders, ending balance, is \$96,308,954 and \$86,468,162, which consists of \$61,042,638 and \$50,052,115 of appropriated funds and \$35,266,316 and \$36,416,047 of non-appropriated funds for the fiscal years 2000 and 1999, respectively.

(2) There were no material adjustments to the beginning balances of budgetary resources.

(3) For Trust Funds, approximately \$12.5 million and \$9.5 million of unobligated authority, at the donor's request, is restricted from being spent on program costs (income from investing restricted donations under the Library's Total Return Policy can be spent on program costs). These amounts are invested either in the permanent loan or in Treasury securities. An additional \$16.0 million and \$13.4 million of restricted authority has been obligated and expended to invest in non-treasury securities for the fiscal years 2000 and 1999, respectively.

(4) There has been no contributed capital received during fiscal year 2000 and fiscal year 1999.

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22 *Schedule of Financing – Consolidated*

Obligations and Nonbudgetary Resources	2000	1999
Budgetary:		
Obligations incurred, new	\$900,348,361	\$665,231,429
Spending authority from offsetting collections and adjustments	(349,391,942)	(368,574,865)
Nonexchange revenue in the Budget	25,113,143	21,915,172
Exchange revenue collected for others in the budget	212,045,600	243,459,399
Net budgetary resources used to finance activities	788,115,162	562,031,135
Donations not in the budget	17,486,329	709,589
Financing imputed for cost subsidies	51,316,466	47,069,122
Transfers out, net	(512,171)	0
Net nonbudgetary resources used to fund net costs of operations	68340,624	0
Total obligations as adjusted and nonbudgetary resources	\$856,455,786	\$609,809,846
Resources That Do Not Fund Net Costs of Operations		
Increase in budgetary resources for undelivered orders	(\$9,578,238)	(\$3,619,703)
Increase in unfilled customer orders, excluding unearned refunds	3,991,748	7,254,238
Costs capitalized on the balance sheet	(33,816,269)	(27,699,892)
Refunds of nonexchange revenue and Copyright Licensing royalties	(374,624,105)	(177,713,338)
Total resources that do not fund net costs of operations	(\$414,026,864)	(\$201,778,695)
Costs That Do Not Require Resources		
Depreciation and amortization	\$23,433,749	\$26,938,353
Bad debt and public exchange receivables	55,321	(11,401)
Other costs	318,333	333,022
Total costs that do not require resources	\$23,807,403	\$27,259,974
Financing Sources Yet to be Provided		
Increases in unused annual leave and actuarial liability	\$1,008,071	\$814,665
Net cost of operations	\$467,244,396	\$436,105,790

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23 <i>Subsequent Events</i>

1. The Library operates 10 revolving gift funds that were created by gifts which donors designated to be used for self-sustaining activities. The General Accounting Office (GAO) believes that the Library has exceeded its authority by operating these revolving funds with gift monies which generate revenues exceeding the original gifts. As recommended by GAO, the Library has requested specific statutory authority to operate the gift revolving funds. An amended version of the Library's revolving fund legislation, which had been submitted to the Congress annually since 1991, was finally enacted into law when the "Library of Congress Fiscal Operations Improvement Act of 2000" was approved on November

9, 2000. The Act will be effective at the start of fiscal year 2002.

2. In January 2001, the Office of Compliance issued a report on Fire Safety Inspections that identified fire and life safety deficiencies in the Library's Capitol Hill facilities. Of the deficiencies cited, the Architect of the Capitol (AOC) is responsible for correcting approximately 75 percent of the deficiencies and the Library is responsible for the remainder. The Library is committed to correcting the problems identified and will work cooperatively with the AOC and the Congress to implement improvements as expeditiously as possible.