

The President of the Senate
The Speaker of the House of Representatives

SIRS:

It is my pleasure to submit to you the Library's fiscal year 1998 financial statements and accompanying opinion of the independent accountants, Clifton Gunderson L.L.C.

I am pleased to report that, for the third consecutive year, the independent accountants issued an unqualified "clean" opinion on the Library's Consolidated Financial Statements.

To enhance understanding of the Library and its mission, we have implemented new Federal accounting standards that require the preparation of financial statements which show, for the first time, the full cost of our seven major programs -- totaling \$484.8 million (net costs of \$398.6 million, after subtracting earned revenue of \$86.2 million). The full cost includes \$45.4 million in costs incurred by three other agencies (i.e., Architect of the Capitol, Government Printing Office, and Office of Personnel Management) in support of the Library's programs.

As custodian of the resources entrusted to us by the Congress and U.S. citizens to carry out our mission, we continue to improve our financial and management systems while placing great emphasis on ensuring the security of our staff and collections. The Library recognizes that further improvements are needed in its financial controls and the control of the Library's collections as documented in the accountability reports. We are executing corrective measures as part of our strategic planning process.

Thomas Jefferson wrote to his Secretary of the Treasury on April 1, 1802: "I think it an object of great importance, to be kept in view and to be undertaken at a fit season, to simplify our system of finance, and bring it within the comprehension of every member of Congress. ... we might hope to see the finances of the Union as clear and intelligible as a merchant's books, so that every member of Congress, and every man of any mind in the Union, should be able to comprehend them, to investigate abuses, and consequently to control them." Jefferson's hope for improved financial management is still alive today, and we are making progress in improving our financial management and your ability to comprehend our financial reporting, which is a direct result of the dedication and hard work of our staff who serve every day to achieve the Library's mission.

I am proud of the Library's stewardship of its financial affairs, and I commend the enclosed report to your attention.

Sincerely,

James H. Billington
The Librarian of Congress

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THE LIBRARY OF CONGRESS
FINANCIAL STATEMENTS FOR FISCAL YEAR 1998

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