

# THE LIBRARY OF CONGRESS

## Consolidated Balance Sheet

As of September 30, 1999

### ASSETS

#### Entity Assets:

Intragovernmental Assets		
Fund Balance with Treasury (Note 2)	\$	163,619,265
Investments (Note 5)		35,586,097
Accounts Receivable, Net (Note 6.A)		4,359,014
Other Assets		453,829

Investments (Note 5)		18,879,646
Accounts Receivable, Net (Note 6.A)		381,885
Pledges Receivable - Donations (Note 6.B)		13,473,626
Cash and Other Monetary Assets (Note 3)		1,725,468
Inventory (Note 7)		2,443,353
Property and Equipment, Net (Note 8)		63,145,883
Library Collections (Note 1.M)		

**Total Entity Assets** \$ 304,068,066

#### Non-Entity Assets:

Fund Balance with Treasury (Note 2)		140,737
Investments, Intragovernmental Securities (Note 5)		774,757,749
Accounts Receivable, Net - Intragovernmental (Note 6.A)		7,198
Accounts Receivable, Net (Note 6.A)		20,266
Cash and other Monetary Assets (Note 3)		16,779

**Total Non-Entity Assets** 774,942,729

**Total Assets** \$ 1,079,010,795

### LIABILITIES

#### Liabilities Covered by Budgetary Resources:

Intragovernmental liabilities		
Accounts Payable	\$	3,376,927
Advances from Others		28,969,475

Accounts Payable		21,879,361
Advances From Others		2,313,636
Custodial Liability		774,915,266
Accrued Funded Payroll, Benefits		15,433,392
Other Liabilities (Note 12)		633,782

**Total Liabilities Covered by Budgetary Resources** \$ 847,521,839

#### Liabilities not Covered by Budgetary Resources:

Deposit Account Liability		3,960,676
Accrued Unfunded Annual and Compensatory Leave		17,131,692
Accrued Unfunded Workers' Compensation (Note 10)		11,565,983
Capital Lease Liability (Note 9)		5,939,845
Other Liabilities (Note 12)		31,937

**Total Liabilities not Covered by Budgetary Resources** 38,630,133

**Total Liabilities** \$ 886,151,972

### NET POSITION

#### Balances:

Unexpended Appropriations (Note 13)		70,683,170
Cumulative Results of Operations		122,175,653

**Total Net Position** 192,858,823

**Total Liabilities and Net Position** \$ 1,079,010,795

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

**THE LIBRARY OF CONGRESS**  
**Consolidated Statement of Net Costs**  
For the Fiscal Year Ended September 30, 1999

**Net Costs by Program Area:**

**Library Services:**

Program Costs	\$ 239,046,427	
Less Earned Revenue	<u>4,868,749</u>	
Net Program Costs		\$ 234,177,678

**Law Library:**

Program Costs	14,562,531	
Less Earned Revenue	<u>                    </u>	
Net Program Costs		14,562,531

**Copyright Office:**

Program Costs	48,039,321	
Less Earned Revenue	<u>18,218,923</u>	
Net Program Costs		29,820,398

**Congressional Research Service:**

Program Costs	96,017,808	
Less Earned Revenue	<u>                    </u>	
Net Program Costs		96,017,808

**National Library Service for the Blind and Physically Handicapped:**

Program Costs	46,397,702	
Less Earned Revenue	<u>                    </u>	
Net Program Costs		46,397,702

**Reimbursable Funds:**

Program Costs	53,661,537	
Less Earned Revenue	<u>47,897,166</u>	
Net Program Costs		5,764,371

**Revolving Funds:**

Program Costs	15,646,988	
Less Earned Revenue	<u>6,281,721</u>	
Net Program Costs		9,365,267

Costs not Assigned to Programs		<u>35</u>
--------------------------------	--	-----------

<b>Net Costs of Operations</b>		<b>\$ <u><u>436,105,790</u></u></b>
--------------------------------	--	-------------------------------------

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

**THE LIBRARY OF CONGRESS**  
**Consolidated Statement of Changes in Net Position**  
For the Fiscal Year Ended September 30, 1999

Net Costs of Operations		\$ 436,105,790
Financing Sources (Other than Exchange Revenue)		
Appropriations Used	\$ 369,861,197	
Imputed Financing (Note 17)	47,069,122	
Donations	15,444,571	
Other Non-Exchange Revenue	4,629,906	
	<hr/>	
Total Financing Sources		<u>437,004,796</u>
Net Change in Cumulative Results of Operations		899,006
Increase in Unexpended Appropriations (Note 18)		<u>2,311,847</u>
Change in Net Position		3,210,853
Net Position, Beginning		<u>189,647,970</u>
Net Position, Ending		<u>\$ 192,858,823</u>

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

# THE LIBRARY OF CONGRESS

## Combined Statement of Budgetary Resources

For the Fiscal Year Ended September 30, 1999

### Budgetary Resources

Budget Authority	\$	376,536,206
Unobligated Balances - Beginning of Period		771,524,710
Spending Authority from Offsetting Collections		363,271,052
Adjustments, net		<u>1,527</u>

### Total Budgetary Resources

\$ 1,511,333,495

### Status of Budgetary Resources

Obligations Incurred, New	\$	665,231,429
Unobligated Balance - Available		824,644,428
Unobligated Balance - Not Available		<u>21,457,638</u>

### Total, Status of Budgetary Resources

\$ 1,511,333,495

### Outlays

Obligations Incurred, New	\$	665,231,429
Less: Spending Authority from Offsetting Collections and Adjustments		<u>368,574,865</u>
Subtotal		296,656,564
Obligated Balance, net - Beginning of Period		115,976,948
Less: Obligated Balance, net - End of Period		<u>122,411,560</u>

### Total Outlays

\$ 290,221,952

The accompanying notes are an integral part of these statements.

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

**Note 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 1999. 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 form and content for entity financial statements

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

specified by the Library's Financial Management regulations and directives and the accounting policies summarized in this note.

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 new standards now being 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 executive branch reporting requirements in a manner consistent with a legislative agency.

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

The statements include 5 appropriated fund accounts; 11 revolving funds; reimbursable funds (including four major programs); 92 trust funds; and 139 gift funds.

**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;

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

- ! 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) 0390101; (no-year) 03X0101
- ! Copyright Office, Salaries and Expenses - (annual) 0390102; (no-year) 03X0102
- ! Congressional Research Service, Salaries and Expenses - (annual) 0390127
- ! National Library Service for the Blind and Physically Handicapped, Salaries and Expenses - (annual) 0390141; (no-year) 03X0141
- ! Furniture and Furnishings - (annual) 0390146; (no-year) 03X0146

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 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.

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

**E. Gift and Trust Funds**

During fiscal 1999, the Library administered 231 gift and trust funds with combined asset value of approximately \$79 million. 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 three stock funds, two index funds and one money market fund. The funds recommended by the Trust Fund Board's investment committee are:

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

- ! Vanguard 500 Index Fund
- ! Vanguard Total Stock Market Index Fund
- ! Vanguard Prime Money Market Fund
- ! Fidelity Fifty Fund
- ! Fidelity Stock Selector
- ! 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 equity in the balance sheet.

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

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

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 \$4,012 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.

**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**

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

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 \$25.6 million was recorded for the

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

acquisition and maintenance of these buildings and was offset by an imputed financing source, which represents the amount being financed by the Architect. In fiscal year 1999, the Architect received an appropriation totaling \$19.9 million 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 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

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

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.

**O. Federal Employee Benefits**

Approximately 52 percent of the Library's employees participate in the Civil Service Retirement System (CSRS), to which the Library makes contributions equal to 8.51 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 45 percent of the Library's employees are covered by the Federal Employees Retirement System (FERS) to which the Library makes employer contributions equal to 10.7 percent of pay, in addition to matching employee Thrift Savings 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 3 percent of the Library's employees are 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 for fiscal year 1999 were as follows:

CSRS	\$11,511,592
FERS	9,677,217
TSP	3,772,072
FICA	5,752,174

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

Total \$30,713,055

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 agencies. However, in accordance with SFFAS No. 5, Accounting for Liabilities of the Federal Government, a current year expense of \$20.9 million was recorded for the service cost of the Library's employee retirement, health and life insurance benefits 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:

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

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 year 1999, the Library paid \$469,856 for these services.

! 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. The Library paid \$956,855 for these support services in fiscal year 1999.

! 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. The cooperative agreement was approved by the Joint Committee on the Library in the

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

fall of 1993. Under the licensing agreement, the Library may receive donations and must approve all promotional, editorial, and advertising material using the Library's name. Twelve hundred federal depository libraries and all members of Congress received free subscriptions in fiscal 1999, as well as members of the Library's James Madison Council, the Archer M. Huntington Society (Hispanic Division friends) and members of the Phillips Society (Geography and Map Division friends). In connection with the magazine, the Library formed the Library of Congress Associates Program. By subscribing to *Civilization*, a person becomes a Library of Congress Associate entitled to special tours of the Library as well as discounts on food and gift shop merchandise sold at the Library. The donations received by the Library as a result of this publication and the revenue foregone as a result of the discounts given cannot readily be determined.

**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 agreement with a fair value of assets at

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

September 30, 1999 of \$6,874,129. 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 year 1999, the Library received \$120,498 from the trust.

**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 \$771,089 in goods, services and direct contributions from the trust during fiscal year 1999.

**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. In its third quarter report, dated September 30, 1999, the Foundation reported total assets on hand of \$90,088.

**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. In fiscal 1999, the Friends provided a grant to support the Law Library's celebration of Law Day 1999, the Law Library's participation in the annual

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

meeting of the American Association of Law Libraries and other association programs for staff members.

**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.

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

**Note 2. Fund Balance With Treasury**

Fund balance with Treasury at September 30, 1999, is summarized as follows:

<b>1. ENTITY</b>	<b>Obligated</b>	<b>Unobligated /Available</b>	<b>Unobligated/ Unavailable/ Restricted</b>	<b>Total</b>
Appropriated Funds	\$78,905,359	\$11,829,478	\$7,264,893	\$97,999,730
Reimbursable Funds	37,601,534	3,029,895	3,999,934	44,631,363
Gift and Trust Funds	4,126,187		8,432,350	12,558,537
Revolving Funds	2,514,406	5,670,477	244,752	8,429,635
<b>Total Entity</b>	<b>\$123,147,486</b>	<b>\$20,529,850</b>	<b>\$19,941,929</b>	<b>\$163,619,265</b>
<b>2. NON-ENTITY</b>				
Custodial Funds		\$140,737		\$140,737

(1) At September 30, 1999, the gift and trust fund balance with Treasury included \$10 million invested in the permanent loan at an interest rate of 6 percent. The majority of budgetary resources supporting the permanent loan balance is unobligated restricted authority.

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

**Note 3.      Cash and Other Monetary Assets**

Cash and Other Monetary Assets consists of the following:

	Cash on Hand	Imprest Funds	Deposits in Transit	Total
<b>Entity:</b>				
Appropriated Funds	\$250,714	\$42,357	\$119,691	\$412,762
Reimbursable Funds	337		2,736	3,073
Gift and Trust Funds	770,104			770,104
Revolving Funds	536,829	2,700		539,529
<b>Total Entity</b>	<b>\$1,557,984</b>	<b>\$45,057</b>	<b>\$122,427</b>	<b>\$1,725,468</b>
<b>Non Entity:</b>				
Custodial Funds	\$16,779			\$16,779

**Note 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.

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

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.

**Note 5.      Investments, Net**

Investments at September 30, 1999 are as follows:

	<b>ENTITY ASSETS</b> <b>Gift &amp; Trust Funds</b>			<b>NON-ENTITY</b> <b>ASSETS</b> <b>Custodial: Copyright</b> <b>Royalties</b>
	<b>A. Intragovernmental</b> <b>Investments</b> Non-Marketable, Market-Based	<b>B. Other</b> <b>Investments</b> Private Sector	<b>Total Entity</b>	<b>A. Intragovernmental</b> <b>Investments</b> Non-Marketable, Market-Based
<b>Face Value</b>	\$35,427,000		\$35,427,000	\$775,578,000
<b>Cost</b>		\$17,731,283	17,731,283	
<b>Unamortized</b> <b>Premium</b>	250,056		250,056	617,180
<b>Unrealized</b> <b>Discount</b>	323,102		323,102	2,207,944
<b>Interest</b> <b>Receivable</b>	232,143		232,143	770,513
<b>Investments, Net</b>	<b>35,586,097</b>	<b>17,731,283</b>	<b>53,317,380</b>	<b>774,757,749</b>
<b>Market Value</b>	<b>\$35,269,344</b>	<b>\$18,879,646</b>	<b>\$54,148,990</b>	<b>\$773,079,586</b>

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

**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 range from October 7, 1999 to February 15, 2003, and interest rates range from 4.4 percent to 8.9 percent.

Custodial funds investment maturity dates range from October 14, 1999 to August 31, 2000, and interest rates range from 4.4 percent to 6.9 percent.

**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. Balances at September 30, 1999, are as follows:

Type of Investment	Cost Basis	Market Value
Money Market Fund	\$4,603,421	\$4,603,421
Equity Mutual Funds	13,127,862	14,276,225
Total	\$17,731,283	\$18,879,646

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

**Note 6.      Receivables**

**A. Accounts Receivable**

The breakdown of gross and net accounts receivable is as follows:

	<b>Combined</b>	<b>Eliminations</b>	<b>Consolidated</b>
<b>Entity</b>			
Intragovernmental			
Accounts Receivable, Gross	\$5,039,952	(\$680,938)	\$4,359,014
Allowance for Doubtful Accounts			
Accounts Receivable, Net	5,039,952	(680,938)	4,359,014
Other			
Accounts Receivable, Gross	385,897		385,897
Allowance for Doubtful Accounts	4,012		4,012
Accounts Receivable, Net	381,885		381,885
<b>Non-Entity</b>			
Intragovernmental			
Accounts Receivable, Gross	7,198		7,198
Allowance for Doubtful Accounts			
Accounts Receivable, Net	7,198		7,198
Other			
Accounts Receivable, Gross	20,266		20,266
Allowance for Doubtful Accounts			
Accounts Receivable, Net	20,266		20,266

**B. Pledges Receivable**

At September 30, 1999, the Library had unconditional pledges of contributions totaling \$15.2 million which were discounted through fiscal year 2004 at a market discount rate and included in the statement of financial position at their discounted value of \$13.5 million. The amounts due in future years, at September 30, at their current discounted value are:

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

<b>Fiscal Year</b>	<b>Present Value</b>	<b>Discount</b>	<b>Future Value</b>
2000	\$6,049,275	\$329,126	\$6,378,401
2001	3,067,583	354,531	3,422,114
2002	2,025,772	367,343	2,393,115
2003	1,121,666	290,834	1,412,500
2004	1,209,330	410,670	1,620,000
<b>Total</b>	<b>\$13,473,626</b>	<b>\$1,752,504</b>	<b>\$15,226,130</b>

**Note 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, 1999:

<b>Entity</b>	<b>Held for Use</b>	<b>Held for Sale</b>	<b>Total</b>
Appropriated Funds	\$189,104	\$405,661	\$594,765
Reimbursable Funds	1,802	935,534	937,336
Gift & Trust Funds	1,122		1,122
Revolving Funds	20,389	889,741	910,130
<b>Total</b>	<b>\$212,417</b>	<b>\$2,230,936</b>	<b>\$2,443,353</b>

**Note 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 LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

The following table shows property and equipment which were capitalized at September 30, 1999.

Classes of Property and Equipment	Acquisition Value	Accumulated Depreciation/ Amortization	Net Book Value
Appropriated: Operating equipment	\$42,440,773	\$34,102,098	\$8,338,675
ADP software	5,086,602	2,720,201	2,366,401
Furniture & Furnishings	959,808	223,692	736,116
Capital Leases	10,387,901	1,122,970	9,264,931
Leasehold Improvements	9,902,047	6,158,220	3,743,827
NLS/BPH Equipment - loan to public	88,293,488	50,140,274	38,153,214
Total Appropriated	157,070,619	94,467,455	62,603,164
Reimbursable: Equipment	457,746	457,746	0
ADP software	17,200	6,880	10,320
Capital Leases	617,044	137,500	479,544
Total Reimbursable	1,091,990	602,126	489,864
Revolving: Equipment	1,454,957	1,412,956	42,001
Capital Leases	71,988	61,134	10,854
Total Revolving	1,526,945	1,474,090	52,855
<b>Total</b>	<b>\$159,689,554</b>	<b>\$96,543,671</b>	<b>\$63,145,883</b>

**Note 9.      Leases**

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

**A. Capital Leases**

The Library has capitalized leases for machinery and equipment at a cost of \$11,076,933 and has recorded accumulated amortization of \$1,321,604 as of September 30, 1999.

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. In addition, The Library has entered into a three year incremental funding agreement with the General Services Administration (GSA) 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 follow:

Fiscal Year Ended September 30	
2000	\$1,363,432
2001	4,376,821
2002	153,405
2003	111,038
2004	27,760
Total Future Lease Payments	6,032,457
Less: Imputed Interest	92,612
<b>Net Capital Lease Liability</b>	<b>\$5,939,845</b>

**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 1999 amounted to \$3,575,486. Estimated future minimum lease payments through fiscal year 2004 are as follow:

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

Fiscal Year Ended September 30	
<b>2000</b>	<b>\$3,291,086</b>
<b>2001</b>	<b>1,012,226</b>
<b>2002</b>	<b>117,646</b>
<b>2003</b>	<b>13,935</b>
<b>2004</b>	<b>13,935</b>
<b>Total Estimated Future Lease Payments</b>	<b>\$4,448,828</b>

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

**Note 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.

**Note 12.      Other Liabilities**

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

Other Liabilities are comprised of the following:

	<b>Deferred Credits</b>	<b>Custodial Liability</b>	<b>Total</b>
Entity - Other	\$633,782		\$633,782
Non-Entity - Other		\$31,937	31,937
<b>Totals</b>	<b>\$633,782</b>	<b>\$31,937</b>	<b>\$665,719</b>

**Note 13.     Unexpended Appropriations**

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

Undelivered Orders	\$51,563,856
Unobligated	
(a) Available	11,695,454
(b) Unavailable	7,423,860
<b>Total Unexpended Appropriations</b>	<b>\$70,683,170</b>

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, 1999, for goods and services which were ordered but had not been received by that date.

**Note 14.     Program Costs by Budget Object Classification**

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

<b>Program Costs</b>	<b>Combined</b>	<b>Eliminations</b>	<b>Consolidated</b>
Personnel Services and Benefits	\$301,635,185	\$536,335	\$302,171,520
Travel and Transportation	2,594,171	13,059	2,607,230
Rental, Communication and Utilities	8,660,729		8,660,729
Printing and Reproduction	6,798,826	(2,342,448)	4,456,378
Contractual Services	88,450,758	(3,801,133)	84,649,625
Supplies and Materials	10,167,745	(1,187,893)	8,979,852
Library Materials	59,651,221	(1,328,247)	58,322,974
Non-Capitalizable Equipment	14,356,942	160,000	14,516,942
Depreciation and Amortization	26,938,353		26,938,353
Grants, Subsidies and Contracts	2,049,158	(200)	2,048,958
Other Program Costs	26,786	(6,998)	19,788
<b>Total Program Costs</b>	<b>\$521,329,874</b>	<b>(\$7,957,525)</b>	<b>\$513,372,349</b>

The Library's collections are classified as heritage assets, and the amount designated as Library Materials above represents the fiscal 1999 cost incurred by the Library for acquisitions of heritage assets.

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

**Note 15. Program Costs and Earned Revenue by Functional Classification**

**Program Costs by Functional Classification**

<b>Function Classification</b>	<b>Combined</b>	<b>Eliminations</b>	<b>Consolidated</b>
Commerce and Housing Credit	\$48,667,922	\$828,888	\$47,839,034
Education, Training, Employment and Social Services	376,172,751	6,198,363	369,974,388
General Government	96,489,166	930,274	95,558,892
Other	35		35
<b>Total</b>	<b>\$521,329,874</b>	<b>\$7,957,525</b>	<b>\$513,372,349</b>

**Earned Revenue by Functional Classification**

<b>Function Classification</b>	<b>Combined</b>	<b>Eliminations</b>	<b>Consolidated</b>
Commerce and Housing Credit	\$18,252,272		\$18,252,272
Education, Training, Employment and Social Services	66,954,957	\$7,957,525	58,997,432
General Government	16,855		16,855
<b>Total</b>	<b>\$85,224,084</b>	<b>\$7,957,525</b>	<b>\$77,266,559</b>

**Note 16. 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-entity costs.

The Copyright Office's registration operations have legislatively mandated fees, which do not require the recovery of the full costs of operations. Registration fees may be raised to recover reasonable costs; however, the new fees would need to be fair and equitable and support the objectives of the copyright system and give due consideration to the objectives.

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

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

services demanded. It is not practicable to provide reasonable estimates regarding (1) revenue forgone 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.

**Note 17.      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 year 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 \$47.1 million of imputed financing consists of \$25.6 million to offset the recorded costs of the Architect of the Capitol (Library buildings and grounds costs), \$0.6 million to offset the recorded costs of the Government Printing Office (exchange program costs) and \$20.9 million to offset the recorded costs of the Office of Personnel Management (staff benefits costs).

**Note 18.      Unexpended Appropriations**

The increase in unexpended appropriations consists of the following:

	Consolidated
Treasury Warrants from Appropriations	\$363,640,000
Non-Expenditure Transfers (U.S. Senate)	9,262,315
Non-Expenditure Transfers (U.S. Capitol Police)	3,651,000
Canceled BFY 94 Authority	(4,380,271)
Appropriated Capital Used	(369,861,197)
Increase in Unexpended Appropriations	\$2,311,847

**Note 19.      Budgetary Resources**

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

Budgetary Resources are classified as follows:

<b>Budgetary Resources:</b>	<b>ENTITY FUNDS (Appropriated Capital)</b>	<b>ENTITY FUNDS (Non-Appropriated Capital)</b>	<b>NON-ENTITY FUNDS</b>	<b>COMBINED</b>
Budget Authority	\$376,553,115	(\$16,909)		\$376,536,206
Unobligated balances - beginning of period	17,062,685	51,367,533	\$703,094,492	771,524,710
Spending authority from offsetting collections	539,122	119,273,378	243,458,552	363,271,052
Adjustments, net	(3,215,195)	3,216,722		1,527
<b>Total budgetary resources</b>	<b>\$390,939,727</b>	<b>\$173,840,724</b>	<b>\$946,553,044</b>	<b>\$1,511,333,495</b>
<b>Status of Budgetary Resources:</b>				
Obligations incurred, new	\$371,890,098	\$119,017,428	\$174,323,903	\$665,231,429
Unobligated balance - available	11,695,454	41,475,155	771,473,819	824,644,428
Unobligated balance - not available	7,354,175	13,348,141	755,322	21,457,638
<b>Total, status of budgetary resources</b>	<b>\$390,939,727</b>	<b>\$173,840,724</b>	<b>\$946,553,044</b>	<b>\$1,511,333,495</b>
<b>Outlays</b>				
Obligations incurred	\$371,890,098	\$119,017,428	\$174,323,903	\$665,231,429
Less: spending authority from receipts and adjustments	1,704,018	123,412,295	243,458,552	368,574,865
Subtotal	370,186,080	(4,394,867)	(69,134,649)	296,656,564
Obligated balance, net - beginning of period	76,688,659	39,608,213	(319,924)	115,976,948
Less: obligated balance, net - end of period	79,500,009	43,666,873	(755,322)	122,411,560
<b>Total outlays</b>	<b>\$367,374,730</b>	<b>(\$8,453,527)</b>	<b>(\$68,699,251)</b>	<b>\$290,221,952</b>

(1) The net amount of budgetary resources obligated for undelivered orders, ending balance, is \$86,468,162, which consists of \$50,052,115 of appropriated funds and \$36,416,047 of non-appropriated funds.

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

- (2) There were no material adjustments to the beginning balances of budgetary resources.
- (3) For Trust Funds, approximately \$9.5 million of unobligated authority is restricted from being spent by the donors and an additional \$13.4 million of restricted authority has been obligated and expended to invest in non-treasury securities.
- (4) There has been no contributed capital received during fiscal year 1999.

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

**Note 20.      Schedule of Financing**

**A. Resources that Fund Net Costs of Operations (Budgetary):**

	Library Services	Law Library	Copyright	Congressional Research Service	National Library Service for the Blind and Physically Handicapped	Reimbursable Funds	Revolving Funds	Overhead Funds	Consolidated
Obligations incurred, new	\$177,476,151	\$7,776,633	\$206,273,044	\$68,207,504	\$46,792,122	\$62,565,470	\$9,882,394	\$86,258,111	\$665,231,429
Less: spending authority from offsetting collections and adjustments	30,040,025	115,767	261,784,214	679,889	661,119	63,871,186	9,889,077	1,533,588	368,574,865
Net budgetary resources used to finance activities	147,436,126	7,660,866	(55,511,170)	67,527,615	46,131,003	(1,305,716)	(6,683)	84,724,523	296,656,564
Donations not in the budget	709,589								709,589
Financing Imputed for cost subsidies	25,204,189	2,470,560	4,776,372	7,953,691	578,973	913,944	1,795,762	3,375,631	47,069,122
Nonexchange donations and other offsetting collections not part of net costs	19,619,264	98,859	243,459,399	503,578	13,715		586,700	1,093,056	265,374,571
Net non-budgetary resources used to fund net costs of operations	45,533,042	2,569,419	248,235,771	8,457,269	592,688	913,944	2,382,462	4,468,687	313,153,282
<b>Total resources used to fund net cost of operations</b>	<b>\$192,969,168</b>	<b>\$10,230,285</b>	<b>\$192,724,601</b>	<b>\$75,984,884</b>	<b>\$46,723,691</b>	<b>(\$391,772)</b>	<b>\$2,375,779</b>	<b>\$89,193,210</b>	<b>\$609,809,846</b>

**B. Resources Used But Not part of Net Cost of Operations:**

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

	Library Services	Law Library	Copyright	Congressional Research Service	National Library Service for the Blind and Physically Handicapped	Reimbursable Funds	Revolving Funds	Overhead Funds	Consolidated
Decrease in budgetary resources obligated to order goods and services not yet received	(\$2,241,104)	\$410	(\$550,145)	(\$350,158)	(\$1,366,863)	(\$2,098,237)	\$435,398	2,550,996	(\$3,619,703)
Change in unfilled customer orders, excluding change due to refunds of unearned revenue						6,734,896	519,342		7,254,238
Costs capitalized on the balance sheet	(4,307,716)	(4,663)	(42,780)	(154,539)	(12,655,143)	(96,744)	(15,463)	(10,422,844)	(27,699,892)
Distributions or refunds of nonexchange revenue, unearned revenue and custodial liability balances			(174,320,525)			(3,353,059)	(39,754)		(177,713,338)
<b>Total resources used not part of net cost of operations</b>	<b>(\$6,548,820)</b>	<b>(\$4,253)</b>	<b>(\$174,913,450)</b>	<b>(\$504,697)</b>	<b>(\$14,022,006)</b>	<b>\$1,186,856</b>	<b>\$899,523</b>	<b>(\$7,871,848)</b>	<b>(\$201,778,695)</b>

**C. Costs That Do Not Require Resources:**

**THE LIBRARY OF CONGRESS**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**Fiscal Year Ended September 30, 1999**

	Library Services	Law Library	Copyright	Congressional Research Service	National Library Service for the Blind and Physically Handicapped	Reimbursable Funds	Revolving Funds	Overhead Funds	Consolidated
Depreciation and amortization	\$2,949,954	\$8,231	\$258,243	\$104,435	\$12,605,542	\$121,281	\$234,648	\$10,656,019	\$26,938,353
Overhead cost allocation	48,493,254	4,302,624	12,503,959	21,345,437	1,166,677	423,829	3,872,345	(92,108,125)	0
Bad debt and public exchange receivables	1,138	5	(3,255)	(76,349)	27	830	35,890	30,313	(11,401)
Other costs	266,628		224	28,779	340	1,049	15,274	20,728	333,022
Total costs that do not require resources	51,710,974	4,310,860	12,759,171	21,402,302	13,772,586	546,989	4,158,157	(81,401,065)	27,259,974
Current costs to be funded in future fiscal years	523,140	45,184	50,009	75,750	27,265	13,614		79,703	814,665
<b>Net cost of operations</b>	<b>\$238,654,462</b>	<b>\$14,582,076</b>	<b>\$30,620,331</b>	<b>\$96,958,239</b>	<b>\$46,501,536</b>	<b>\$1,355,687</b>	<b>\$7,433,459</b>	<b>\$0</b>	<b>\$436,105,790</b>

**Note 21.**     Subsequent Events

Section 111(d)(4)(C) of the Copyright Act, 17 U.S.C., authorizes the Librarian of Congress to distribute cable royalty fees to copyright owners entitled to receive them upon making a determination that a controversy no longer exists in regard to the distribution of the funds. Based upon a historic settlement between the copyright owners, a distribution was made on October 28, 1999, for all but two percent of the remaining 1993, 1994, 1995 and 1996 cable royalty fees and all but 25 percent of the 1997 cable royalty fees. This distribution totaled \$321,665,700, which reduced assets ( Non-Entity Intragovernmental Securities Investments) and liabilities (Custodial Liability) in October, 1999.