



FINANCIAL STATEMENTS

FISCAL YEAR 2015

MARCH 2016

Exterior view. Detail of Neptune statue in Neptune Fountain by Roland Hinton Perry.
Library of Congress Thomas Jefferson Building, Washington, D.C. photo by Carol Highsmith



THE LIBRARIAN OF CONGRESS

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

Mr. President and Mr. Speaker:

I am pleased to submit to you the Library's fiscal 2015 financial statements and accompanying opinion from the independent auditors, CliftonLarsonAllen LLP. For the twentieth consecutive year, the independent auditors have issued an unmodified (clean) opinion on the Library's consolidated financial statements.

The net cost of the Library's six major programs totals \$673.5 million including \$87.8 million in costs incurred by four other agencies (i.e., Architect of the Capitol, Government Printing Office, United States Capitol Police, and the Office of Personnel Management) in support of the Library's programs. The net cost also includes \$118.6 million in earned revenue from copyright registration fees, cataloging distribution sales, and other fee-based and reimbursable programs.

I am available to respond to any questions you may have on the 2015 financial statements and the auditors' opinion.

Sincerely,

A handwritten signature in blue ink that reads "David S. Mao".

David S. Mao
Acting Librarian of Congress

THE LIBRARY OF CONGRESS
Financial Statements for Fiscal 2015

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THE LIBRARY OF CONGRESS

Management's Discussion and Analysis

Fiscal Year Ended September 30, 2015

Introduction

The Management's Discussion and Analysis (MDA) is designed to provide a high-level overview of the Library: who we are, what we do, and how we accomplished our mission during fiscal 2015.

The Library of Congress and Its Mission

The Library of Congress, an agency in the legislative branch of the federal government, is the world's largest and most comprehensive library, managing 91 collections – many of them having unique and irreplaceable items – in more than 470 languages. It directly serves not only the Congress, but also the entire nation with the most important commodity of our time: information.

The Library's mission is to support the Congress in fulfilling its constitutional duties and to further the progress of knowledge and creativity for the benefit of the American people.

Strategic Plan

The Library's 2011-2016 strategic plan contained five discrete institution-wide strategic goals:

- Provide authoritative research, analysis, and information to the Congress.
- Acquire, preserve, and provide access to a universal collection of knowledge and the record of America's creativity.
- Sustain an effective national copyright system.
- Lead and work collaboratively with external communities to advance knowledge and creativity.
- Manage proactively for demonstrable results.

Through its strategic plan, the Library of Congress charts a course for achieving measurable results and documents its accountability to the American people and their elected representatives.

The strategic plan's goals set broad outcomes to which each of the Library's major organizations relates. It also establishes broad strategies to be followed and defines performance indicators to determine progress toward achieving the goals and outcomes. Supported by a rigorous annual program performance planning process and regular program performance assessment reviews, the strategic plan ensures all Library organizations are working toward common ends and provides the background for the Library's annual Congressional Budget Justification.

Brief History

At the dawn of the 19th century, the American Republic was still little more than a bold experiment. Barely a decade removed from the establishment of constitutional democracy, our lasting future as a nation was not yet assured and our national character was only beginning to emerge.

It was in this context that the U.S. Congress created what would become one of the greatest and most distinct American institutions. Mindful of the link between an informed people and functional governance, the Congress in 1800 established the Library of Congress by appropriating \$5,000 to purchase a collection of 740 books and three maps.

President Thomas Jefferson would make early and indelible contributions to the growing Library, signing a law in 1802 defining the institution's roles and functions, creating the first joint congressional committee (the Joint Committee on the Library) and establishing the position of Librarian of Congress.

After the British burned the Capitol during the War of 1812, destroying the Library's collection of some 3,000 volumes, it was Jefferson who again helped ensure that the Library of Congress would endure as a central contributor to American democracy, culture, and intellect. Accepting the now-retired president's offer to "recommence" the Library, in 1815 the Congress purchased Jefferson's 6,487-volume personal collection (then the finest in America) at a price of \$23,950. It contained books in many languages and on a wide variety of topics, reflecting Jefferson's belief that there was "no subject to which a Member of Congress might not have occasion to refer."

While its origins were humble, eight key milestones in the Library's early decades significantly expanded its scope and reach:

- The establishment of the Law Library in 1832 as the first department of the Library of Congress recalled the Library's origins as a collection of law books to support the legislative work of the Congress. The Law Library remains the primary source for the Congress for research and reference services in foreign, comparative, and international law.
- The Copyright Act of 1870 centralized the nation's copyright registration and deposit system in the Library and stipulated that two copies of every book, pamphlet, map, print, photograph, and piece of music registered for copyright in the United States be deposited in the Library. The law reflected Jefferson's aspirations for the Library as a universal repository of knowledge.
- In 1886, the Congress authorized the first separate Library of Congress building to store growing collections and to provide openly accessible reading rooms and exhibition space for the general public. In 1897, the Thomas Jefferson Building opened to the public.
- In 1901, the Congress created an international exchange program to send federal publications to overseas partners in exchange for their executive and parliamentary publications, to broaden the Library's international legal collections.
- In 1902, the Congress authorized the Library to sell copies of its cataloging records inexpensively to the nation's libraries, thus substantially strengthening the entire American library system.

- In 1914, the Congress created the Legislative Reference Service as a separate entity within the Library to provide specialized services to "Congress and committees and Members thereof." Additional laws enhanced its mission in 1946 and 1970, when it was renamed the Congressional Research Service.
- In 1931, the Congress established a program in the Library to create and distribute free library materials to blind and physically handicapped readers throughout the country.

Since the mid-1970s, the Congress has statutorily created 11 programs that have further enhanced the Library's national role:

- American Folklife Center (1976)
- American Television and Radio Archives (1976)
- National Center for the Book (1977)
- National Film Preservation Board (1988)
- National Film Preservation Foundation (1996)
- Cooperative Acquisitions Program Revolving Fund (1997)
- Sound Recording Preservation Board and Foundation (2000)
- Three additional revolving funds for fee services (2000)
- National Digital Information Infrastructure and Preservation Program (NDIIPP) (2000)
- Veterans History Project (2000)
- Digital Collections and Educational Curricula Program (2005)

The Library of Congress Today

Today, as the Library of Congress advances further into its third century, there is still no more fitting a symbol of its vision and aspirations than the Library's 1897 building that bears Jefferson's name. Constructed as a projection of American optimism near the turn of the 20th century, the Thomas Jefferson Building is resplendent with iconography and written inscriptions that describe the Nation's past and inspire those using the Library's collections.

The gilded Torch of Knowledge surmounts the building, while on the underside of the dome, the mural *Human Understanding* is embodied by a woman removing the veil of ignorance from her eyes. Below the dome is the magnificent Main Reading Room, which was the Library's original means of providing the information that is critical to an informed citizenry.

As an information revolution is empowering not just countries and commerce, but also individuals in the farthest reaches of the globe, the Library's mission remains the same, but it is more important than ever when set against a landscape of dynamism and intense international competition.

In his June 2005 testimony to the Congress, Librarian of Congress James H. Billington said: "Libraries are inherently islands of freedom and antidotes to fanaticism. They are temples of pluralism where books that contradict one another stand peacefully side by side on the shelves, just as intellectual antagonists work peacefully next to each other in reading rooms."

Those words hearken back to the Library's early days and Thomas Jefferson's vision of a society wherein the widest variety of information was readily available to the greatest possible number of people. "I feel ... an ardent desire," Jefferson said, "to see knowledge so disseminated through the mass of mankind that it may, at length, reach even the extremes of society; beggars and kings."

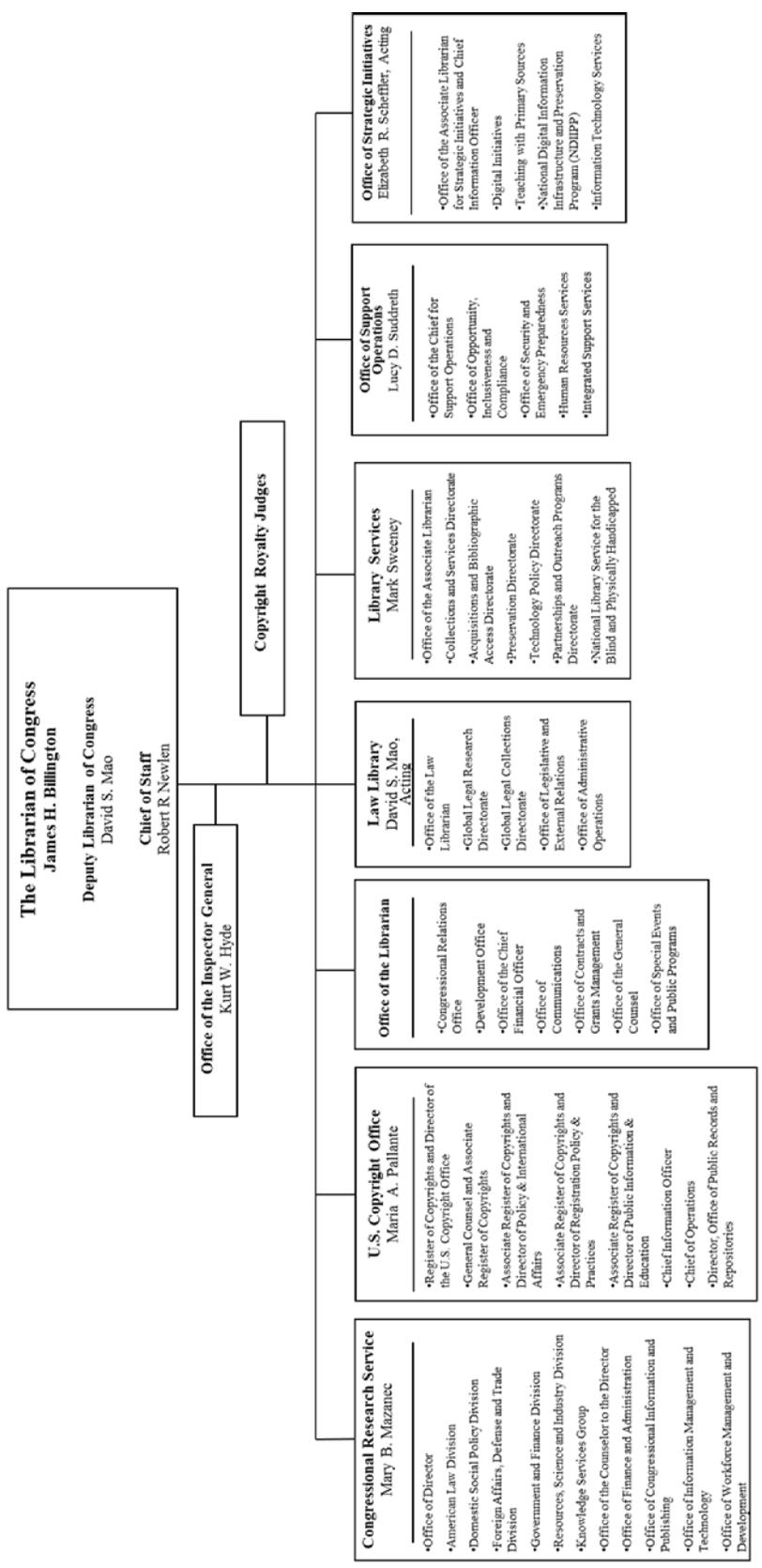
Through its strategic plan, the Library of Congress is accountable to the American people and their elected representatives, and measured by the results that are achieved. We seek to be ardent champions furthering the cause of human understanding and wisdom.

Past, present and future, the Library of Congress endeavors to remain the preeminent repository of information on a global scale, an inspiration to future generations, and a celebrant of achievement. The Library ensures that its information is universally accessible through its premier websites—www.loc.gov, www.congress.gov, and www.copyright.gov.

The Librarian of Congress, appointed by the President with the advice and consent of the Senate, directs the Library. Seven service units execute the Library's mission (see organizational chart on page 5).

The Library's programs and services are primarily funded by four salaries and expenses appropriations, receipts from offsetting collections (copyright registrations, Cataloging Distribution Service fees), revolving fund (business-like) income, donations, and investment income.

LIBRARY OF CONGRESS



Overview of Financial Statements

For fiscal years 2015 and 2014, the Library has prepared Consolidated Balance Sheets, Consolidated Statements of Net Costs, Consolidated Statements of Changes in Net Position, and Combined Statements of Budgetary Resources.

Consolidated Balance Sheets

The purpose of the Consolidated Balance Sheets is to provide financial statement users with information about the Library's assets, liabilities, and net position as of September 30, 2015 and 2014. In accordance with generally accepted accounting principles for federal government entities, the value of the Library's collections is not calculated and reported with a monetary value. Instead, the Library reports unit measurement, mission, and acquisition information in the financial statement notes and provides other relevant information about their use, preservation, security, etc., in supplemental information. The Library's Net Position consists of: (1) the portion of the Library's appropriations that are unexpended; and (2) the cumulative balances of gift, trust, revolving and reimbursable funds.

(in millions)		
Assets	FY 2015	FY 2014
Entity Assets	\$ 528.0	\$ 523.6
Total Assets	\$ 528.0	\$ 523.6
Liabilities and Net Position	FY 2015	FY 2014
Liabilities Covered by Budgetary Resources	\$ 110.4	\$ 112.1
Liabilities Not Covered by Budgetary Resources	\$ 35.0	35.3
Total Liabilities	\$ 145.4	\$ 147.4
Net Position	\$ 382.6	\$ 376.2
Total Liabilities and Net Position	\$ 528.0	\$ 523.6

The Library's assets total \$528.0 million for fiscal 2015 and \$523.6 million for fiscal 2014. Entity assets increased by \$4.4 million during fiscal 2015 primarily due to an increase in advances and prepaid expenses. The Library's liabilities total \$145.4 million and \$147.4 million for fiscal years 2015 and 2014, respectively. Significant liabilities include funds advanced from other governmental agencies for the Federal Library and Information Network (FEDLINK) and other intra-governmental revolving fund programs and accounts payable for various operating expenses.

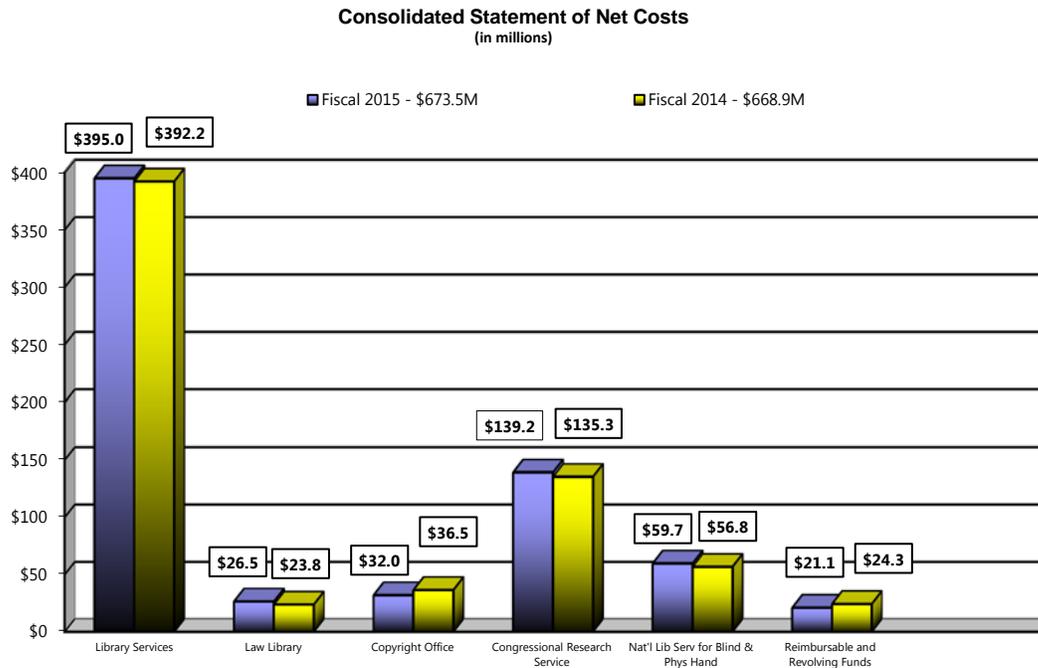
In general, the accompanying Balance Sheets do not include the acquisition and improvement costs of the Library's buildings and grounds. By law, these buildings and grounds are under the structural and mechanical care of the Architect of the Capitol.

Consolidated Statements of Net Costs

The purpose of the Consolidated Statements of Net Costs is to provide financial statement users with information about the costs and earned revenues for the Library's six programs for the fiscal years ended September 30, 2015 and 2014. In other words, the statements present the net costs of our programs:

\$673.5 million and \$668.9 million for the fiscal years 2015 and 2014, respectively. Net costs increased by \$4.6 million during fiscal 2015. Net costs include allocated management support costs (e.g., human resources, financial services, facility services).

The net costs for each of the Library's six programs are:



Library Services - With net program costs of \$395.0 million and \$392.2 million for fiscal years 2015 and 2014, respectively, Library Services is the Library's largest program and is responsible for the traditional library activities of acquisitions, cataloging, research and reference, and preservation.

Library Services manages the following functions and services:

Acquisitions – Each year the Library acquires nearly three million new items in all formats for addition to its priceless collections, which are the largest and most wide-ranging of any library in the world. The collections, and the information they contain, are the foundation for the many services the Library provides to the Congress and the nation.

Cataloging – The Library produces bibliographic records, standards, and related products for the Library as well as for libraries and bibliographic utilities in all fifty states and territories and many other countries.

Research and Reference – The Library makes available to scholars and other researchers vast information resources, many of which are unique, covering almost all formats, subjects, and languages. The Library provides reference assistance to researchers and the general public, conducts field research, and promotes the preservation of American culture throughout the United States. The Library responds to nearly 458,000 information requests a year from across the nation, including nearly 232,000 in person in the research centers open to the public in Washington, D.C. In addition,

the Library responds to approximately 24,000 free interlibrary loan requests from across the nation and 23,000 requests for book loans from the Congress each year.

Online Access Services – The Library provides free online access to some of its collections and to its automated information files the Library of Congress Online Public Access Catalog (<http://catalog.loc.gov>).

American Creativity – The Library manages the nation's largest, most varied, and most important archival collection of American creativity including motion pictures, sound recordings, maps, prints, photographs, manuscripts, music, and folklore covering a wide range of ethnic and geographic communities.

Preservation – The Library manages a continuing program to preserve and extend the life of the diverse materials and formats in the Library's collections. The program provides a full range of prospective and retrospective preservation treatments for hundreds of thousands of items a year; conducts research into new technologies; emphasizes preservation techniques including proper environmental storage and training for emergency situations; conserves and preserves materials; and reformats materials to more stable media. The Library plays a key role in developing national and international standards that support the work of federal, state, and local agencies in preserving the nation's cultural heritage.

Reading Promotion and Outreach – The Library promotes books, reading, and literacy through the Library's Center for the Book, its affiliated centers in 50 states and the District of Columbia, and more than 80 national organizational partners. The Library encourages knowledge and use of its collections through other outreach programs (cable TV, lectures, publications, conferences and symposia, exhibitions, poetry readings – all primarily supported by private funding) and through use of the Library's website. The Library also gives surplus books annually to qualified libraries and nonprofit educational institutions through its nationwide donation program. Finally, the annual National Book Festival continues to be a popular event, drawing capacity crowds every year.

Digital Initiatives – The Library oversees and coordinates cross-institutional digital initiatives thereby ensuring access over time to a rich body of digital content through the establishment of a national network of committed partners, collaborating in a digital preservation architecture with defined roles and responsibilities.

Law Library – The Law Library of Congress, with net program costs of \$26.5 and \$23.8 million for fiscal years 2015 and 2014, respectively, provides direct research service to the Congress in foreign, international, and comparative law. In addition to Members, committees of the Congress, and the Congressional Research Service, the Law Library provides offices of the legislative branch, justices of the Supreme Court, and other federal judges, staff of the Departments of Homeland Security, Justice, and State, and myriad other federal agencies with bibliographic and informational services, background papers, comparative legal studies, legal interpretations, expert testimony, and translations of laws and legal documents. The Law Library makes its collections and services available to a diverse community of users, including members of the bench and bar, educational institutions, nongovernmental libraries, legal service organizations, the diplomatic corps, international organizations, the business community, and the general public.

Copyright Office (including the Copyright Royalty Board) – The Copyright Office, with net program costs of \$32.0 million and \$36.5 million for fiscal years 2015 and 2014, respectively, administers the U.S. copyright registration system and related programs, assists with the administration of statutory licenses, provides copyright policy analysis to the Congress and federal departments and agencies, actively promotes international protection for intellectual property created by U.S. citizens, and provides public information and education on copyright. In fiscal 2015, the Copyright Office registered 443,812 claims to copyright; transferred 615,146 works to the Library; recorded 8,484 documents containing more than 275,000 titles; logged more than 55 million page views on its website; and responded to 171,046 in-person, telephone and e-mail requests for information. Copies of works received through the copyright system form the core of the Library's immense Americana collections, which provide the primary record of American creativity. The registration program is substantially funded by fees paid by authors and other copyright owners. Similarly, costs of administering the licensing program are substantially funded through deductions from royalty receipts.

The Copyright Royalty Board (CRB), composed of three Copyright Royalty Judges appointed by the Librarian of Congress, directed distribution of millions of dollars in royalties that are collected under various compulsory license provisions of the copyright law, and adjusted the royalty rates of these license provisions. Costs of administering the CRB are partially funded through deductions from royalty receipts.

Congressional Research Service – The Congressional Research Service, with net program costs of \$139.2 and \$135.3 million for fiscal years 2015 and 2014, respectively, provides non-partisan analytical research and information services to all Members and committees of the Congress. The Congressional Research Service assists the Congress with its deliberations and legislative decisions by providing objective, authoritative, timely, and confidential research and analysis. Serving the Congress exclusively, Congressional Research Service experts work alongside the Congress at all stages of the legislative process and provide integrated and interdisciplinary analysis and insights in all areas of policy interest. Congressional Research Service support takes the form of reports, videos, short policy briefs, tailored confidential memoranda, individual consultations, and formal seminars.

National Library Service for the Blind and Physically Handicapped – The National Library Service for the Blind and Physically Handicapped, which is part of Library Services, manages a national reading program for blind and physically handicapped people – circulating approximately 21.6 million items a year at no cost to users. This program consists of three elements:

1. The Library of Congress selects, produces, and contracts for the production of full-length books and magazines in Braille, downloadable digital and digital cartridges, and playback machines. The National Library Service for the Blind and Physically Handicapped net program costs were \$59.7 and \$56.8 million in fiscal years 2015 and 2014, respectively.
2. A cooperating network of 55 regional libraries, 33 subregional libraries, and 14 advisory and outreach centers distribute the machines and library materials provided by the Library of Congress.
3. The U.S. Postal Service receives an appropriation to support postage-free mail for magazines, books, and machines, which are sent directly to readers. The number of reader accounts for these reading materials (books and magazines) and playback machines totals 861,505.

Reimbursable and Revolving Funds – Under the authority of 2 U.S.C. §182, the Library operates the Cooperative Acquisitions Program revolving fund, the revolving fund for duplication services associated with the Packard Campus for Audio-Visual Conservation, the revolving fund for gift shop, decimal classification, photo duplication, special events and public programs and related services, and the revolving fund for the Federal Library and Information Network (FEDLINK) program and Federal Research program. 2 U.S.C. §182 was amended in fiscal 2003 to authorize the Library's special events and programs activities under the revolving fund statute. Through these activities, the Library is able to further its programs dealing with the acquisition of library materials, reader and reference services, and support for public programs. The Library also provides reimbursable financial system services for five legislative agencies under cross-servicing agreements (i.e., the Congressional Budget Office, the Office of Compliance, the Abraham Lincoln Bicentennial Commission, the Open World Leadership Center, and the United States Capitol Police). Fiscal 2015 was the final year of financial reporting for the Abraham Lincoln Bicentennial Commission.

After reflecting earned revenues of \$78.0 and \$89.5 million in fiscal years 2015 and 2014, respectively, reimbursable and revolving fund net program costs totaled \$21.1 and \$24.3 million, respectively. The net program costs were the result of the elimination of \$7.3 and \$8.6 million of intra-Library net revenues, \$12.2 and \$13.0 million in allocated administrative overhead, and \$1.4 and \$1.6 million in imputed inter-governmental costs (e.g., employee benefits) not recovered by fees charged by the revolving funds for fiscal years 2015 and 2014, respectively.

General descriptions of major revolving fund activities are:

Cooperative Acquisitions Program – The Cooperative Acquisitions Program, which is operated by the Library's six overseas field offices, acquires foreign publications and research materials on behalf of participating academic and research institutions on a cost-recovery basis. Earned revenues were \$2.8 million and \$2.9 million in fiscal years 2015 and 2014, respectively.

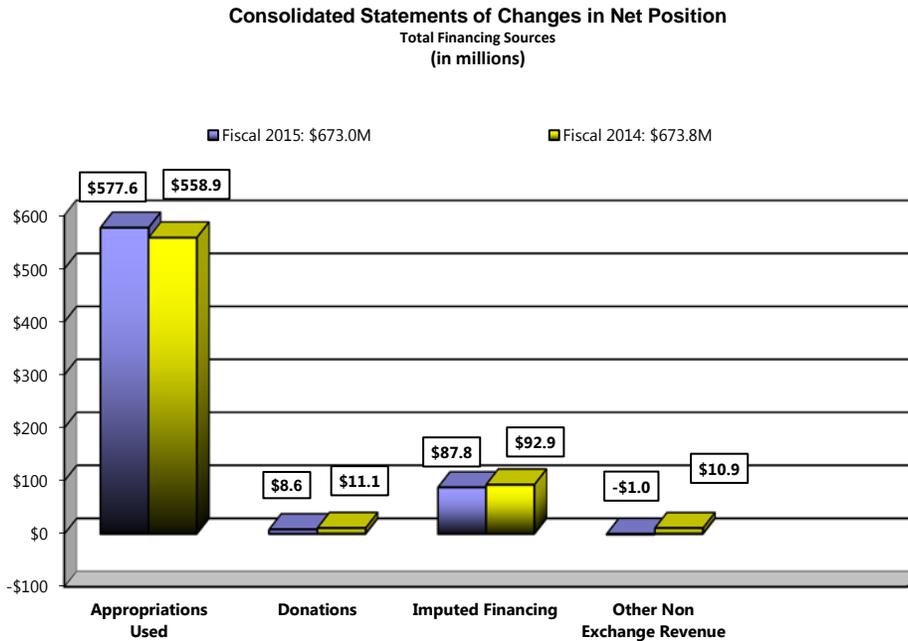
Gift Shop, Decimal Classification, Document Reproduction and Microfilm Services, Special Events and Programs and related services – This revolving fund provides for the operation of a gift shop or other sales of items associated with collections, exhibits, performances, and special events of the Library of Congress; decimal classification development services; the preservation and microfilming services for the Library's collections and reproduction services to other libraries, research institutions, government agencies, and individuals in the United States and abroad; and the hosting of special events and programs by corporate and non-profit entities that support the Library's mission. Earned revenues were \$6.8 million and \$5.9 million and intra-Library revenue transactions of \$3.1 million and \$2.1 million were eliminated as part of financial statement consolidation in fiscal years 2015 and 2014, respectively.

The FEDLINK program and the Federal Research program – FEDLINK serves federal libraries and information centers as their purchasing, training, and resource-sharing consortium. The program provides cost-effective access to an array of automated information and retrieval, print serials, books, electronic publications, and preservation services. FEDLINK contracts with more than 125 major vendors resulting in cost avoidance benefits and vendor volume discounts for the federal libraries and information centers participating in the program. The Federal Research program, via the Library's Federal Research Division (FRD), provides customized research services that the Library is uniquely able to perform as a result of its collections and the subject and language expertise of its staff. A popular FRD product, available online via the Library's website, is the country study series.

In fiscal years 2015 and 2014, earned revenues were \$70.4 and \$84.4 million, respectively, and intra-Library revenue transactions of \$2.2 million and \$4.3 million were eliminated as part of financial statement consolidation.

Consolidated Statements of Changes in Net Position

The purpose of the Consolidated Statements of Changes in Net Position is to provide financial statement users with information about the Library's financing sources and the components of the changes in net position. The Library's financing sources totaled \$673.0 million and \$673.8 for fiscal years ended September 30, 2015 and 2014, respectively.



The major source of the Library's funding is from congressional appropriations for five programs: Library Services, Law Library, Copyright Office, Congressional Research Service, and National Library Service for the Blind and Physically Handicapped. Appropriations used during the fiscal years ended September 30, 2015 and 2014 totaled \$577.6 million and \$558.9 million or 85.8% and 82.9% of all financing for fiscal years 2015 and 2014, respectively. Along with appropriations made directly to the Library, other government agencies (i.e., the Architect of the Capitol, the Office of Personnel Management, Government Publishing Office, U.S. Treasury, and U.S. Capitol Police) used congressional appropriations and other financing sources to provide support for the Library's programs totaling an estimated \$87.8 and \$92.9 million (imputed financing) for fiscal years 2015 and 2014, respectively. The support provided included structural care and maintenance of the Library's buildings and grounds (\$56.1 million and \$57.1 million), employee benefits (\$29.4 million and \$33.4 million), acquisitions exchange services (\$0.8 million and \$0.9 million), and collections security services (\$1.5 million and \$1.4 million). Other non-exchange revenues are positive and negative for fiscal years 2015 and 2014, primarily due to the unrealized loss or gain on non-treasury investments.

Combined Statements of Budgetary Resources

The Combined Statements of Budgetary Resources and the related disclosures provide information about how budgetary resources were made available, as well as their status at the end of the period. The Budgetary Resources section of the statement presents the total budgetary resources available to the Library. The Status of Budgetary Resources section of the statement presents information about the status of those resources at the end of the period. The remainder of the statement presents the information about obligations and outlays of the Library.

The Library's budgetary resources were \$850.9 million and \$830.7 million for the fiscal years ended September 30, 2015 and 2014, respectively, of which \$610.7 million and \$598.2 million were from appropriated funds and \$240.2 million and \$232.5 million were from non-appropriated funds for fiscal years ended September 30, 2015 and 2014, respectively. Total outlays of \$592.4 million and \$556.0 million were incurred with the outlays of appropriated funds (\$585.6 million and \$556.8 million) combined with outlays of the non-appropriated funds (\$6.8 million and \$-0.8 million) in fiscal years 2015 and 2014.

Performance Targets and Accomplishments

This section of the Library's fiscal 2015 financial statements presents annual performance goals and related performance targets grouped by their respective connections to the Strategic Plan's five goals: (1) Provide authoritative research, analysis, and information to the Congress; (2) Acquire, preserve, and provide access to a universal collection of knowledge and the copyrighted record of America's creativity; (3) Sustain an effective national copyright system; (4) Lead and work collaboratively with external communities to advance knowledge and creativity; and (5) Manage proactively for demonstrable results. As a general rule where there are multiple performance targets for a single annual objective, the accomplishment statements summarize the individual target results.

Strategic Plan Goal: Provide authoritative research, analysis, and information to the Congress.

Annual Performance Goal: Advise and assist Congress regarding possible revisions and updates to the Copyright Act.

Performance Target: Provide expert advice and policy recommendations for fiscal year hearings or proposed legislation.

Accomplishment: In fiscal 2015, the Copyright Office has provided expertise and advice to all congressional hearings on time and in the format requested. This has included in-person briefing presentations, written memoranda and/or suggested hearing questions for copyright related hearings on: Copyright Issues in Education and for the Visually Impaired; U.S. Copyright Office: Its Functions and Resources; and the Register's Perspective on Copyright Review. The Copyright Office's support to Congress for three copyright related hearings this fiscal year significantly increased congressional understanding of copyright law, facilitated ongoing congressional review to help improve the overall functioning of the copyright system, and strengthened the relationship between Congress and the Copyright Office.

Annual Performance Goal: Complete all studies requested by Congress by the due date and in the format requested by Congress.

Performance Target: All scheduled studies are on time and in the form requested.

Accomplishment: In fiscal 2015, the Copyright Office released two landmark policy studies: (1) Orphan Works and Mass Digitization; and (2) Copyright and the Music Marketplace. A third study on the Right of Making Available is underway and will be released later in 2015. The Copyright Office's extensive work on policy studies and other reports and services to improve understanding of legal, policy and technology issues involving copyright law increases congressional understanding of copyright law, facilitates congressional review to help improve the overall functioning of the copyright system, and strengthens the relationship between Congress and the Copyright Office.

Strategic Plan Goal: Acquire, preserve, and provide access to a universal collection of knowledge and the copyrighted record of America's creativity.

Annual Performance Goal: Ensure long term preservation of select acidic Library collection material through commercially available treatment processes.

Performance Target 1: 200,000 book equivalents treated.

Performance Target 2: 920,000 sheets treated.

Accomplishment: 232,105 book equivalents were treated in fiscal 2015 and 1,025,686 sheets were mass deacidified thereby exceeding the targets. By treating acidic collection materials using a commercially available treatment process, the Library ensures their long term preservation and continued availability to patrons.

Annual Performance Goal: Congress and researchers have access to geospatial resources and services.

Performance Target: Two or more fully operational Geographic Information System (GIS) workstations in Geography & Maps (G&M) for use of Congressional staff and on-site researchers.

Accomplishment: Two workstations for use by Congressional and Library staff are operational in the G&M Reading Room. Installation of the two GIS workstations provides Congressional staff and on-site researchers access to geospatial resources and services.

Annual Performance Goal: Ensure that a wide variety of materials, stored in a variety of locations, is available upon patron request.

Performance Target: 950,000 collection items accessed on site.

Accomplishment: In fiscal 2015, a total of 903,148 items were circulated for use in Collections Services Reading Rooms and 11,325 items in the Law Reading Room. Circulation

of 914,473 items on the Capitol Hill campus ensured that a wide variety of materials, stored in various locations were available upon patron request. Collections Services will drop this target in fiscal 2016 and plans to develop a more meaningful goal and measure moving forward.

Annual Performance Goal: Maintain the highest quality standards possible for all National Library Service products and services.

Performance Target: 75% of network libraries using the new Patron Information and Machine Management System (PIMMS).

Accomplishment: In fiscal 2015, the National Library Service for the Blind and Physically Handicapped (NLS) migrated 27% of the 106 network libraries to its new Patron Information and Machine Management System (PIMMS). PIMMS updates and replaces two legacy systems: the Comprehensive Mailing List System and the Blind and Physically Handicapped Inventory Control System. The migration of all network libraries to PIMMS will improve the timeliness and accuracy of NLS data collected from the network. In fiscal 2015, all libraries in the network using the NLS-developed WebREADS (Reader Enrollment and Delivery System) circulation system successfully converted to PIMMS (100% of WebREADS libraries, 29 libraries). This portion of the project was under the auspices of NLS, and the NLS contractor, along with the network libraries using READS. However, the remaining 80 network libraries use third-party circulation systems, and NLS is dependent on those systems and organizations to complete the transition to PIMMS. The Keystone Library System (KLAS) expected to complete its work in the summer of 2015 for 61 network libraries, but in August 2015 KLAS informed NLS that some foundational changes would have to be made to the KLAS software before the testing phase for PIMMS could begin. This will take the PIMMS implementation for KLAS libraries into the second quarter of fiscal 2016. Texas decided not to implement PIMMS in their old system since they are building a new system. The Consortium of User Libraries did not report any libraries transitioned to PIMMS in fiscal 2015. NLS will continue to monitor and support the third-party organizations as appropriate to complete the migration of all network libraries to PIMMS. Four network libraries closed reducing the total to 106 from 110. WebREADS libraries now total 29 because Alaska opted to contract with Utah for its book and machine distribution.

Annual Performance Goal: Classify at least 20,000 volumes from the obsolete LAW classification system into the current K class.

Performance Target: 20,000 volumes are classified by the end of the fiscal year.

Accomplishment: In fiscal 2015, a total of 36,458 volumes were reclassified to the K class schedule, thereby exceeding the target. Classification of these volumes into the K class schedule has improved access to the law collection. This includes discovery, retrieval, and service of collection items to Congress and the public.

Annual Performance Goal: Work in collaboration with Space Utilization Planning & Design (SUPD) to ensure all purchased compact shelving is installed in Quad A of the Law Library sub-basement stacks area by September 30, 2015.

Performance Target: All purchased compact shelving is installed in Quad A of the Law Library sub-basement stacks area by September 30, 2015.

Accomplishment: Installation of the compact shelving was delayed and did not begin until September 15, 2015. The Law Library is on schedule for all collection materials to be properly re-shelved in newly installed shelving within Quad A by August 28, 2016.

Annual Performance Goal: Work in collaboration Space Utilization Planning & Design (SUPD) to initiate construction of secured storage facility for Law Library's rare books.

Performance Target: Prepare rare materials slated for move to third floor rare legal material Secured Storage Facility (SSF).

Accomplishment: In fiscal 2015, the Law Library met all milestones associated with preparing rare legal materials slated to be moved to the SSF on or before schedule. Due to shifting construction priorities, the construction of the SSF is now delayed until fiscal 2018.

Annual Performance Goal: Develop Statement of Work and Independent Government Cost Estimate for the acquisition of the Law Library approved automated workflow management system.

Performance Target: Load demonstration packages for three systems selected in workflow assessment contract in fiscal 2014. Provide a recommendation for purchase to the Law Librarian.

Accomplishment: In fiscal 2015, three systems were considered by the Law Library evaluation team for suitability as a Commercial Off-the-Shelf (COTS) automated workflow system for the Law Library. Three commercially available workflow management systems were evaluated for a cost effective COTS solution to the Law Library's need to automate its workflow and a fourth system, currently in use at the Library, was recommended and appears to meet Law Library requirements. The Law Library is exploring the costs for the annual license and initial customization. However, the Library's shared services initiative for an author/publishing system will influence the creation of a separate acquisition plan for the Law Library.

Annual Performance Goal: Complete final phase of the Law Library Reading Room Renovation Project by May 18, 2015.

Performance Target 1: All staff relocated to new space.

Performance Target 2: All of the collection moved to new space.

Accomplishment: All Law Library staff and collections have been moved to the new Law Library Reading Room. The newly renovated space helps to ensure easy access to collections and an enhanced working environment for the Congress, legal researchers and other patrons.

Annual Performance Goal: Program for developing relationships with federal agencies implemented.

Performance Target: Establish communications with six new federal entities.

Accomplishment: Six new federal agencies potentially interested in receiving services and products offered by the Law Library were contacted in fiscal 2015. Communications with these agencies were conducted according to a plan discussed among the Global Legal Research Directorate managers and a kit of information on Law Library services offered to agencies which was designed by Law Library staff. This effort increased federal agencies awareness of Law Library services resulting in more inter-agency agreements (IAA), such as the newly signed IAA with the Bureau of Consular Services within the State Department.

Annual Performance Goal: Increase the number of Teaching with Primary Sources (TPS) alumni teachers who formally support their colleagues' use of the Library's primary sources by becoming TPS coaches.

Performance Target: In fiscal 2015, determine the baseline number of TPS teachers (coaches) prepared to coach their colleagues in the use of the Library's primary sources.

Accomplishment: In fiscal 2015, ninety percent of TPS Consortium members delivered formalized TPS Coaches Training to teachers, meeting this performance target. The 140 teachers who became TPS coaches during this fiscal year actively support their colleagues' classroom use of the Library's primary sources. These coaches extend the ability of the Library's institutional partners to provide service to teachers within their own schools and districts. Teachers who interact with the coaches may be more likely to use the materials and resources made available by the Library, successfully, over a sustained period.

Annual Performance Goal: Provide essential content services across the Library supporting the acquisition, storage and provision of online content (collections and information) to include: Scanning; Multi Media; and Metadata Enhancement and Remediation.

Performance Target: Digital conversion outputs in support of Library annual requirements for digitization exceed four million units.

Accomplishment: The Library added unusually large amounts of digitized content to its collections in fiscal 2015. Included in the digitized content received this year were numerous Civil War materials; Walter Whitman papers; Alan Lomax manuscript materials; American Folklife Center (AFC) field materials; various music manuscript materials; and a variety of audio visual items from AFC. This digitized content, together with this year's recorded Library programs and events, will join the extensive body of material already online, enabling for Library users increased access to the collections. Metadata provided or remediated during the year will increase the findability of new and legacy materials.

Annual Performance Goal: Promote a new bibliographic framework for the creation of metadata by the Library and external partners.

Performance Target: The new bibliographic framework (BIBFRAME) has been tested in the Acquisitions and Bibliographic Access Directorate and Motion Picture, Broadcasting, and Recorded Sound Division for books and audiovisual formats in three or more languages.

Accomplishment: In fiscal 2015, BIBFRAME was tested in the Acquisitions and

Bibliographic Access Directorate and Motion Picture, Broadcasting, and Recorded Sound Division for books and audiovisual formats in Chinese, Danish, English, Hebrew, Hindi, Japanese, Persian, Spanish, and Turkish. This work enables the Library to improve BIBFRAME in light of test results and to share its BIBFRAME tools with other libraries and vendors in order to make catalog data intelligible to the World Wide Web.

Annual Performance Goal: Assess and make recommendations for collections security.

Performance Target: Four assessments have been conducted and security recommendations have been implemented in targeted high security areas.

Accomplishment: In fiscal 2015, four assessments were conducted and security recommendations were implemented in targeted high security areas. The implementation of these physical security and electronic access controls reduces risk of mutilation and theft to the collections. These efforts will continue until all areas have these improved controls.

Annual Performance Goal: Collaborate with professional organizations that serve specific teacher audiences to create and publish primary source based curriculum materials.

Performance Target: Create and publish at least eight articles in the journals of professional organizations such as the National Council for the Social Studies (NCSS) and the National Science Teachers Association (NSTA).

Accomplishment: In fiscal 2015, Educational Outreach published nine articles in the journal of the NSTA, six articles in the journal of the NCSS, one article in the College, Career and Civic Life Bulletin, one article in the journal of the National Association for Music Education, one article in the National History Day Theme Book, and one article in the Teaching Tolerance magazine. This is a total of 19 articles, more than twice the performance target of eight articles. By creating and publishing articles in several educational journals, Educational Outreach was able to extend the reach of the Library's K-12 program, bringing Library resources and teaching strategies to the attention of tens of thousands of educators while raising the Library's profile in several different disciplines. In addition, this effort allowed the Library to initiate or deepen working relationships with a number of influential professional organizations, creating opportunities for future collaboration.

Strategic Plan Goal: Sustain an effective national copyright system.

Annual Performance Goal: The Copyright Office will expand its educational opportunities.

Performance Target: Introduce and evaluate two new Copyright Academy courses on specific copyright topics, by September 30, 2015, in addition to established general and supervisor courses.

Accomplishment: The Copyright Academy completed the first Copyright Law course for current examiners, began another for new examiners, and a third is in preparation for public information specialists and those examiners who missed classes the first time. In addition, the Copyright Academy conducted a two-session workshop on fashion design which was held for interns and staff of the Copyright Office and Law Library. The initiated and

completed coursework permitted registration examiners and public information staff to more accurately and efficiently respond to public inquiries and requests for materials.

Annual Performance Goal: Provide expert contributions to U.S. policy and legal positions at meetings and negotiations of the World Intellectual Property Organization (WIPO) and to the U.S. Trade Representative and other executive branch agencies on domestic copyright law matters and international copyright principles in treaty negotiations.

Performance Target 1: Provide advice and/or participate in all WIPO sessions for which Copyright Office involvement was requested.

Performance Target 2: Provide advice and/or participate in all treaty negotiation or consultative sessions for which Copyright Office involvement was requested.

Accomplishment: The Copyright Office has provided preparatory advice on all treaty negotiations and consultative sessions for which Copyright Office involvement was requested, including on issues raised in the context of the negotiations and deliberations involving the Trans-Pacific Partnership (TPP), Transatlantic Trade and Investment Partnership (T-TIP), and WIPO sessions. During fiscal 2015, in addition to preparatory advice and assistance, Copyright Office staff personally attended four TPP meetings, one T-TIP meeting, and two WIPO sessions. The Copyright Office's expert support through analyses, recommendations, and in-person advocacy at various international meetings and negotiations helped to develop and advance U.S. policy positions in international fora, which in turn serves to protect and support U.S. trade and investment related to copyright.

Annual Performance Goal: The Copyright Office maintains average copyright claims processing times of under eight months for web submissions and under 13 months for paper submissions.

Performance Target 1: Maintain average fiscal year processing time for web submissions under eight months.

Performance Target 2: Maintain average fiscal year processing time for paper submissions under 13 months.

Accomplishment: In fiscal 2015, average processing time across the year for web submissions was 4.4 months. Average processing time across the fiscal year for mail submissions was 11.9 months. Maintenance of acceptable average processing time for online submissions demonstrates the value of electronic processing. Claimants receive certificates more quickly than for paper submissions and users can access records of copyright registrations very soon after approval for registration. The number of mail submissions dropped in recent years as submissions became mostly electronic, resulting in a concentration of older claims among those sent by mail.

Annual Performance Goal: The Compendium of U.S. Copyright Office Practices, Third Edition is officially released, and a review/revision schedule established.

Performance Target: Officially release the Compendium of U.S. Copyright Office Practices, Third Edition in a Federal Register announcement, by December 31, 2014, and establish a review/revision schedule by May 31, 2015.

Accomplishment: The Office released the official version of the Compendium of Copyright Office Practices, Third Edition, on December 22, 2014. The Office has set up mechanisms for ongoing review of content and maintaining lists of revisions. This comprehensive overhaul is published electronically for easy maintenance, updating, navigation, and hyperlinking. It makes the practices and standards of the Office more accessible and transparent to the public. It is a technical manual for staff and a guidebook for authors, copyright licensees, practitioners, scholars, the courts, and the general public. It addresses fundamental principles of copyright law, e.g. standards of copyrightability, joint authorship, work for hire, and termination of transfers, as well as routine questions involving fees, records retrieval, litigation documents, and other procedural matters.

Annual Performance Goal: Achieve throughput targets for cable filings.

Performance Target: Greater than 93% of paper cable filings Statements of Account (SA) closed within 13 months for SA-3 forms and within 4.5 months for Statement of Account SA1-2 forms.

Accomplishment: All throughput targets were met in fiscal 2015. By surpassing established performance goals for cable statement of account/fees processing, copyright content owners, filers, data-gathering firms, and other entities have timely public availability of completed records to conduct their relevant research and analyses. Timely processing also facilitates internal operations such as reports to the Copyright Royalty Board, the Register of Copyrights, and Copyright General Counsel regarding Statement of Account data, royalty fees, and filing fees.

Strategic Plan Goal: Lead and work collaboratively with external communities to advance knowledge and creativity.

Annual Performance Goal: Promote awareness among the general public and cultural heritage professionals regarding the Library's preservation programs and partnerships to advocate for appropriate preservation actions.

Performance Target 1: Add 25 new titles to the film registry.

Performance Target 2: Add 25 new titles to the recording registry.

Accomplishment: In fiscal 2015, 25 films were named to the National Film Registry and 25 recordings were named to the National Recording Registry that promote awareness among the general public and cultural heritage professionals regarding the Library's preservation programs and partnerships to advocate for appropriate preservation actions.

Annual Performance Goal: The Library will collaborate with public and private partners to identify, acquire and sustain digital content and share best practices.

Performance Target: The Library will have the capacity to harvest up to 105 terabytes of web content.

Accomplishment: As a part of preserving born digital content, the Library collected 177 terabytes of digital content thereby exceeding the target. Delivering on the annual performance goal and performance target improved operations and services to Library customers and patrons by adding 177 TB of harvested content to the Library's collections in fiscal 2015, which directly supported born digital collection development activities via collections identified by Library Services and Law Library. Collecting in fiscal 2015 focused on websites related to public policy, U.S. and international Elections, law, U.S. government, and activities supporting the Library's special collections divisions, and more.

Annual Performance Goal: Develop and refine the new bibliographic framework (BIBFRAME) to improve discovery of library metadata.

Performance Target: BIBFRAME has been refined in light of test institutions' experiences.

Accomplishment: In fiscal 2015, BIBFRAME was refined, in light of test institutions' experiences, by development of a BIBFRAME search tool, a BIBFRAME profile editor that generates templates for describing various formats, and an enhanced input editor for rapid real-time description. BIBFRAME is available for widespread testing and adoption by the library community, helping to make library metadata intelligible to the World Wide Web.

Annual Performance Goal: Expand participation in cataloging in advance of publication.

Performance Target 1: Four new major publishers or subject areas are covered by Electronic Cataloging in Publication (ECIP) cataloging partners.

Performance Target 2: 2,500 e-books for which the Library has already created pre-publication metadata are ingested to the new system.

Performance Target 3: A test has been completed to determine whether it is feasible for foreign publishers in developing countries to receive Cataloging in Publication (CIP) metadata from the Library of Congress.

Accomplishment: There are currently 29 ECIP Cataloging Partners, including six added in fiscal 2015. New publishers added include ProQuest, university presses of Harvard University, the University of North Carolina, Chapel Hill, the University of Colorado, Boulder, and the U.S. Government Printing Office. The sixth new partner is Douglas County Public Library System, Colorado. New subject areas include titles published by significant Colorado publishers; U.S. federal government publications on all topics; ProQuest on all topics from a major commercial publisher; and university press titles. The ECIP produces complete cataloging, in advance of publication, thus reducing cataloging expense, increasing the range of topics for which publications receive advance cataloging, and ensuring continuity of the program in the event of planned or emergency government shutdowns.

A total of 4,224 e-books from 198 publishers, for which the Library has already created pre-publication metadata, were ingested to the new system in fiscal 2015. The e-books have been

added to the Library's collections and can also be discovered via library catalogs throughout the nation.

In fiscal 2015, a test determined that it is technically feasible for publishers in Qatar and Uruguay to receive CIP metadata from the Library of Congress. In September, Qatar announced its decision to develop its own CIP program, as a result of its testing with the Library of Congress. The Library has inspired a collaborating library in the Middle East to develop cataloging in advance of publication for its own library and publishing environments, and the Library of Congress is aware of the technical and business requirements for Cataloging in Publication for publishers in South America.

Annual Performance Goal: Improve the information technology systems in the Library's overseas offices to meet current standards and support the office's functions.

Performance Target: The Library has implemented the Online Field Office Replacement System (OFORS) in the Jakarta, Islamabad, Nairobi, and Rio de Janeiro offices, improving their information technology systems.

Accomplishment: In fiscal 2015, the Library implemented the OFORS in all six overseas offices in Brazil, Egypt, India, Indonesia, Kenya, and Pakistan. The new system enables the Library to retire its disparate, obsolete systems for accounting, billing, and tracking in the overseas offices and will improve its service to Cooperative Acquisitions Program customers.

Strategic Plan Goal: Manage proactively for demonstrable results.

Annual Performance Goal: Complete phases of project plans for legacy system transition scheduled for fiscal 2015.

Performance Target: Complete remaining 20% of Copyright Office electronic Registration and Deposit Systems (CORDS) transition and 80% of other legacy systems' transition.

Accomplishment: In fiscal 2015, 76% of legacy system transition was completed. The CORDS Application was retired on Monday, January 26, 2015; CORDS search functionality remains live to permit fulfillment of paid search requests. With the eCO release MR9, the capability for 95% of recordation workflow to be completed end to end in eCO is now installed. New Recordation requests are processed in eCO and no longer through legacy systems. Legacy functionality moved to eCO has improved internal ease of processing and record-keeping accuracy and IT resources are now spread across fewer systems.

Annual Performance Goal: Successfully conduct the New Members Seminar for new members of the 114th Congress, evaluate the program's effectiveness and begin preliminary planning for the 115th Congress program.

Performance Target: Congressional Research Service (CRS) will successfully conduct a New Members Seminar for the new Members of the 114th Congress, evaluate the program's effectiveness, and begin preliminary planning for the 115th Congress.

Accomplishment: CRS met the target for fiscal 2015. The final program reports and the evaluator report were submitted to the foundations. Following distribution of the evaluator report, CRS held meetings with all 2015 New Members Seminar funders to discuss their program feedback and future program support. CRS has also been invited to submit proposals to five foundations for the 115th Congress seminar. Meeting the annual performance goal and target milestones enabled CRS to host a highly successful seminar for newly-elected Members of Congress. An independent evaluation indicated that the New Members Seminar provided a service that freshman lawmakers valued and found relevant for their purposes. In addition, starting early discussions with foundations ahead of the goal and target milestones has well-positioned CRS to secure funding and plan for the 115th Congress seminar. Effective planning helps ensure that CRS has the funding and resources needed to improve the seminar to meet the evolving needs of newly-elected Members of Congress.

Annual Performance Goal: Design and implement onsite events to engage and inform current and potential donors about the Law Library activities and priorities.

Performance Target: An onsite donor event is conducted by September 30, 2015.

Accomplishment: The Law Library was unable to host an onsite donor event in fiscal 2015, but the preliminary work necessary to conduct the event has been completed. The event will take place after the new Law Librarian assumes his/her position in fiscal 2016.

Annual Performance Goal: Monitor acquisition goals to targets for improved year on year performance.

Performance Target: 80% of Key Performance Indicators (KPIs) are within tolerance levels.

Accomplishment: During fiscal 2015, Office of Contracts & Grants Management (OCGM) completed actions taken to address material weaknesses identified by the Inspector General in 2012, including publishing the Library of Congress Federal Acquisition Regulation Supplement (LCFRAS), implementing an acquisition training program for contracts and Library staff, improving the Momentum Acquisition Module and associated acquisition data, and establishing Key Performance Indicators (KPIs) to allow OCGM to monitor targets for improved year-on-year performance in: Contract Risk Mitigation, Procurement Action Lead Time (PALT), Federal Acquisition Certification, and Client Satisfaction. OCGM exceeded two of the four KPIs, was within "Amber" tolerance of one (customer satisfaction of 64% "Highly Satisfied or better" vice a target of 80%), and failed to meet a fourth KPI (completing only 65% of a target of 90% actions within establish lead times), scoring overall between 25 and 75% of KPIs within tolerance levels.

OCGM set aggressive targets for fiscal 2015 prior to establishing the baseline data. Actual performance, once reporting tools were implemented, indicated a lower initial baseline for customer satisfaction and PALT than anticipated, and thus an inability to achieve the targets.

In fiscal 2016, OCGM will use the fiscal 2015 baseline to assess performance improvement going forward, highlighting areas for focus to ensure that improved quality and performance of OCGM is institutionalized and continues.

Annual Performance Goal: Migrate the financial system cross servicing environment to "the cloud."

Performance Target: Cloud migration is complete and Architect of the Capitol migration is 50% complete.

Accomplishment: The financial system used by the Library as well as four other legislative branch agencies was migrated to "the cloud" in fiscal 2015. The benefits of this migration include implementing a service level agreement with the vendor providing the hosting services, improved performance, and reliable disaster recovery. This migration was a significant success for the Library and its cross servicing environment.

Annual Performance Goal: Timely, complete review of all annual financial disclosures where filer did not complete an extension.

Performance Target: Completed review of 100% of financial disclosures where no extension requested.

Accomplishment: The Office of the General Counsel completed its review of all individuals who timely filed and did not request an extension. The completion of this goal ensured the Library's compliance with federal law.

Annual Performance Goal: Complete the web design and development tasks in the Project ONE, Year 4 plan (projected) related to legislative information/congress.gov.

Performance Target: All planned functional and content releases of Congress.gov completed.

Accomplishment: In fiscal 2015, the Congress.gov team completed six releases of Congress.gov, which provided for substantial new content and functionality to the system for both public and Congressional use. In January, the site was updated for the start of the 114th Congress (2015-2016). In February, a major, new feature was added to allow users to create accounts to receive alerts based on legislative activity. The first release of the alerts function allows the user to receive email notifications about a Bill, a Member, and the Congressional Record. Future releases will add additional types of alerts. The March release of Congress.gov added new content, including Treaties, Executive Reports, and current floor activity. The March release also included enhancements to core site functionality, including advanced search, browse, appropriations tables, and member profiles. The May Congress.gov release added the Federalist Papers to the site, and included additional improvements to search, browse, and accessibility. The July release included improvements to search and detail pages, and adjustments to data ingest. The final release completed in fiscal 2015 included new content such as the Senate Executive Communications, as well as usability and data/technical improvements.

Annual Performance Goal: Complete the web design and development tasks in the Project ONE, Year 4 plan (projected) related to loc.gov/National Library.

Performance Target: Complete the web design and development tasks in the Project ONE, Year 4 plan related to loc.gov/National Library.

Accomplishment: In fiscal 2015, Web Services collaborated with content owners across the Library to add thousands of new primary source items, multiple new exhibits and programs, and to convert existing programs and site sections to mobile-friendly universal designs on loc.gov - enabling greater and enhanced user access to the Library's content. Work continues to blend migration of items and supporting materials from legacy applications to new presentations, and implementing streamlined processes to quickly add new collections.

Annual Performance Goal: Implement succession planning strategies.

Performance Target: Approved succession planning strategies have been implemented.

Accomplishment: The Succession Strategies document was submitted to and approved by the Executive Committee. The succession planning strategies focus on all aspects of the full employment lifecycle to help the Library attract and retain talent, identify and close critical competency gaps, utilize hiring flexibilities, transfer critical knowledge and ensure continuity. The strategy includes efforts to ensure that the Library can effectively attract executives to its senior leadership positions and includes the development and implementation of a new program to ensure that the future leaders of the Library have the skills needed to effectively assume a leadership role as senior positions become vacant.

Annual Performance Goal: Improve the workforce performance management process.

Performance Target: Staff performance management documents are recorded in EmpowHR.

Accomplishment: In fiscal 2015, 85% of staff performance management documents were recorded in EmpowHR. Workforce Performance Management process improvements intentionally focused Library managers and staff on the expectations, roles, and responsibilities needed to foster a high performance culture.

Annual Performance Goal: Pilot the Multi-Year Facility Planning Model.

Performance Target: All activities in the Multi Year Facility Planning Model Pilot evaluated.

Accomplishment: In fiscal 2015, Space Utilization Planning & Design evaluated 25 out of 25 model activities. The evaluation period found that identified activities for the principal organizations involved in Multi-Year Planning were appropriate and equitably applied. However, the activities also brought to light instances of inaccurate request/review/submission deadlines that hindered timely completion of activities. These timelines have since been adjusted in the model to better reflect the Budget and Planning Framework obligations required by partners and stakeholders. The result will enable Library entities, stakeholders, and the Architect of the Capitol (AOC) ample time to align facility projects with available resources, resulting in improved service delivery. The evaluation of the Multi-Year Facility Project Planning Model aligned the facility planning process with the Library's Planning and Budgeting framework. This integrated approach to project planning provides for strategic coordination of project planning and associated resource requests, products, and services supporting the mission of the Service Units. As a result, the Library is the beneficiary of potential improvements, efficiencies, and economic benefits.

Annual Performance Goal: Oversee and support the Library's Records Management program.

Performance Target: The Executive Committee (EC) has been provided information necessary to make a decision on implementing National Archives and Record's Administration's (NARA) Capstone email management approach.

Accomplishment: By delivering on the annual performance goal to oversee and support the Library's Records Management program, the Library's Records Management program has provided general records management training and guidance to all Library staff, specialized training to all Records Liaisons, created the first-ever NARA approved Library of Congress Records Schedule (LRS), and resulted in the Library being in compliance with Federal regulations, including the Federal Records Act. The completion of the performance target has resulted in the EC approving the implementation of an email management policy based on NARA's Capstone email management approach. This will lead to improved operations and services to Library customers and patrons.

Annual Performance Goal: Provide outreach to enhance diversity and inclusiveness within the Library service units.

Performance Target: Seven service units have been provided actionable recommendations that could enhance diversity and inclusiveness.

Accomplishment: In fiscal 2015, seven service units were provided with actionable recommendations in the areas of: 1) best practices in communication; 2) civility in the workplace; 3) new management direction; 4) staff issues; 5) special placement program; and 6) best practices in settlement agreements. Reaching out to the service units provided an opportunity for them to articulate their needs within the context of their respective workplace culture and environment. As a result, the Office of Inclusiveness and Compliance is better able to serve the unique needs of each service unit and in turn create a better working environment for the Library as a whole.

Annual Performance Goal: Additional audio-visual (AV) services are implemented according to the comprehensive AV strategy and plan.

Performance Target: All deliverables required to implement the additional AV services as documented in the comprehensive AV strategy and plan are completed.

Accomplishment: In fiscal 2014, the Library developed a plan for improving the quality and expanding the scope of Information Technology Services (ITS) AV services. The plan components were based on feedback solicited from service unit stakeholders across the Library who expressed a desire for: a) a reliable and satisfactory AV experience in order to conduct business (e.g. business-as-usual video teleconferences); b) simple scheduling and maintenance for AV resources, and c) robust public Wi-Fi across the Library over which to conduct business. The comprehensive AV strategy and plan was developed based on an inventory of the Library's AV resources and a gap analysis weighing the Library's AV resources against the identified AV requirements. Recommendations for AV infrastructure and standard operating procedures were produced and service units were notified of the

equipment and software ITS could support under the plan. The deliverables required to implement the AV services documented in the AV plan were completed in fiscal 2015.

Annual Performance Goal: Begin implementing security controls for tools that run orchestration and automation components of the private cloud infrastructure.

Performance Target: All deliverables required to identify and implement security tools that monitor the orchestration and automation components of the private cloud infrastructure are completed.

Accomplishment: The Information Technology Security Group (ITSG) implemented and configured a Security Information and Event Management (SIEM) tool (ArcSight) to collect the log data into a central repository for near real-time trend analysis. The successful implementation of security controls for tools that run orchestration and automation components of the private cloud infrastructure enable the Library to monitor the LC Private Cloud environment for potential cyber security threats and vulnerabilities. This is accomplished by collecting system log data from the virtual environment supporting the LC Private Cloud. To further mitigate risk, the ITSG implemented and configured a SIEM tool to collect the log data into a central repository for near real-time trend analysis.

Annual Performance Goal: Implement new network switches to replace the obsolete (End of Life) network switches in all Library buildings including remote sites.

Performance Target: 100% of obsolete (End of Life) network switches replaced with new network switches.

Accomplishment: The project to implement new network switches to replace the obsolete (End of Life) switches in all Library buildings (including remote sites) was initiated in September 2014 and completed in May 2015. Replacing the access switches enables ability to maintain continuity of operations within the existing infrastructure within Library of Congress facilities. The project has had remarkable impact on the Library's staff and contractors to get better and faster access network resource services to maintain continuity of operations within the existing infrastructure within Library of Congress facilities.

Annual Performance Goal: Replace obsolete (End of Life) data Wi-Fi equipment.

Performance Target: 100% of new wireless Access Points (APs) are installed expanding Wi-Fi coverage.

Accomplishment: The Wi-Fi Expansion Project to Replace Obsolete (End-of-Life) Data Wi-Fi Equipment was initiated in September 2014 and was completed in August 2015. The project replaced obsolete APs in Library conference and reading rooms and funding allocated to the project allowed for the expansion of the Wi-Fi footprint to some public and administrative spaces in the Madison and Jefferson buildings. The replacement ensures that the Library's Wi-Fi system remains reliable and serviceable by the manufacturer. The bandwidth capacity was increased from 54MB to 150MB increasing the performance. Wi-Fi users can now roam between Library buildings and building floors. These improvements enhance the experience of visiting congressional staff needing to access applications and mail systems, Library staff

developing mobile business programs, and Library visitors who use mobile devices. Going forth the Office of the Chief Information Officer will continuously monitor end-user requirements and extend the Wi-Fi system as appropriate.

Annual Performance Goal: Replace obsolete (end of life) voicemail system.

Performance Target: All deliverables required to replace obsolete (end of life) voicemail system complete.

Accomplishment: The Library's current voicemail system has reached end-of-life for support from the manufacturer, requiring replacement of the obsolete voicemail system. The new Avaya Aura voicemail system and network have been configured and installed. The Avaya Aura Messaging Store server and Mutare Mirroring server designed to provide the ability to synchronize mailboxes from a production storage area to a recovery storage area have also been installed and implemented. During this task, voice mail services were load balanced between systems at the Alternate Computing Facility and the Madison Building to create additional redundancy. The voice mail infrastructure is in place and the subscriber migration is underway. Replacement of the system facilitates business needs and provides operational improvements for staff and customers.

Annual Performance Goal: Increase bandwidth capacity from 600MB to 1GB Primary Internet Service Provider (ISP).

Performance Target: Primary ISP bandwidth has increased.

Accomplishment: The Primary ISP Bandwidth Upgrade Project was launched in September 2014 and completed in November 2014. The Library's Internet bandwidth capability has increased from 600 MB to 1 GB, which is a 67% increase. This has a remarkable impact on Library staff and visitors who are able to access Library information with a quicker response time. Staff and visitors have a better experience when accessing Internet resources. The higher Internet access speed connections also accelerate Library business development by providing more capability for information exchange on innovation, and e-commerce.

Annual Performance Goal: The National Digital Newspaper Program will implement Web Governance Board specifications and information architecture for newspaper format pages in Project One. The legacy Chronicling America software will receive bug fixes during this time.

Performance Target: Updates to Chronicling America web application are completed by August 30, 2015, in line with the Library's Web Delivery Infrastructure.

Accomplishment: In fiscal 2015, Web Services began the process of implementing the Web Governance Board specifications and information architecture for newspaper format pages in Project One resulting in greater usability for our patrons and efficiencies for development and operations staff. Development was also completed for a bug fix release to the legacy platform which moves us in the direction of Project One standards for both search and mobile browsing. Effort on these goals has been impeded by staffing losses and competing operational priorities. Plans for this performance goal include a feasibility analysis with current staffing and workload.

Annual Performance Goal: Pilot eDeposit eSerials restricted access at the Library.

Performance Target: Conduct a pilot to provide public restricted access to eSerials received via eDeposit Demand process.

Accomplishment: The eSerials Access for eDeposit eJournals project has made it possible for the Library to provide copyrighted e-Journals access to patrons onsite. Patrons in the Library's Main Reading Room are able to access e-Journals on two restricted workstations. New journals are added to the pilot offering as soon as they have been added to collections and approved by Library Services. Future requirements for expanding access will be determined (by Library Services) in fiscal 2016.

Annual Performance Goal: The fiscal 2015 annual plan (adjusted) and fiscal 2016 annual plan inform performance management.

Performance Target: By September 30, 2015, fiscal 2016 annual plan is complete and forms basis for fiscal 2016 performance management.

Accomplishment: The Fiscal 2016 through 2020 Library of Congress Strategic Plan was submitted to Congress on September 30 for comment. Significant changes were made to the strategies (formerly goals), outcomes (formerly strategic objectives), and actions (formerly performance goals) necessitating a delay in finalizing an update to the fiscal 2016 annual performance goals and targets. The Strategic Planning and Performance Management (SPPM) office will work closely with service units during the months of October and November to achieve updated fiscal 2016 annual performance goals and targets aligned to the new strategic plan. EC review and approval is anticipated in December. While this target was not achieved, the delay affords the opportunity to achieve alignment of the 2016 performance targets with the Library's new strategic plan and improve in the quality of performance measurement.

Annual Performance Goal: Six months of performance information in eLCplans informs management decisions.

Performance Target: Performance information is entered into eLCplans at least six times by September 30, 2015.

Accomplishment: Seven months of performance data was captured manually in Excel spreadsheets (January through July). The automated system, eLCplans, was not operational during fiscal 2015. The data collected was published as part of the bi-monthly performance recording and reporting activities and available for management decision making. The SPPM office maintained regular bi-monthly performance meetings that provided a venue for meaningful discussions regarding accomplishment of annual performance goals and targets.

Internal Control Program, Systems, Controls, and Legal Compliance

The Library has an Internal Control Program that requires annual risk (vulnerability) self-assessments and periodic reviews of control techniques based on the results of the Vulnerability Assessments (VAs). The Library's Internal Control Program policy, as provided in Library of Congress Regulation (LCR) 1510-1, Internal Control Program, states that:

“Library of Congress will establish and maintain an Internal Control Program to ensure that adequate internal controls are in place to provide reasonable assurance that program activities are operating efficiently and effectively; reliable/timely information is obtained, maintained, recorded, reported, and used for decision making; assets are safeguarded, and that programs are managed with integrity and in compliance with applicable laws and regulations.”

During fiscal 2015, all Library modules (123) performed VAs on the identified financial and non-financial programs. Based on the results of the level of risk provided by the VAs, 35 modules conducted Detailed Control Reviews (DCRs). DCRs examine if control techniques are in place and working as intended. These 35 DCRs yielded 19 new Corrective Action Plans (CAPs). These CAPs will be monitored and tracked by program officials and verification reviewers until the deficiencies are resolved. All 19 CAPs were rated as Letter Findings.

The implementation and regular testing of controls allows for Library management to assert that these controls provide reasonable assurance that the foregoing objectives are met. This testing is performed on the central financial and reporting systems, along with the subsidiary and program systems and the external financial interfaces used by the Library. The Library has continued to enhance the central financial management system that was implemented in 2004 to improve controls, reduce paper-based transactions, and decrease the number of program and subsidiary systems.

Limitations of the Financial Statements

The Library's financial statements are the culmination of a systematic accounting process. The statements have been prepared to report the financial position and results of operations of the Library of Congress, pursuant to the hierarchy of accounting principles and standards set forth in Note 1 to the Financial Statements. While these statements have been prepared from the books and records of the Library, they are in addition to the financial reports used to monitor and control budgetary resources that are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.

THE LIBRARY OF CONGRESS

Consolidated Balance Sheets

As of September 30, 2015 and 2014

(in thousands)

	FY 2015	FY 2014
ASSETS		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 299,342	\$ 287,396
Investments (Note 3)	29,235	34,273
Accounts Receivable, Net (Note 4.A)	9,193	18,170
Advances and Prepaid Expenses (Note 1.I)	8,203	73
Total Intragovernmental	345,973	339,912
Cash and Other Monetary Assets (Note 1.G)	140	325
Pledges Receivable – Donations (Note 4.B)	7,790	7,316
Investments (Note 3)	121,566	122,507
Inventory and Operating Materials (Note 1.K)	363	352
Property and Equipment, Net (Note 5)	49,250	50,110
Beneficial Interest in Perpetual Trust (Note 1.R.3)	2,396	2,570
Other Assets	529	478
Library Collections (Note 1.M)		
TOTAL ASSETS	\$ 528,007	\$ 523,570
LIABILITIES		
Intragovernmental:		
Accounts Payable and Accrued Funded Payroll, Benefits	\$ 3,330	\$ 2,945
Advances from Others	44,004	39,571
Accrued Unfunded Workers' Compensation (Note 8)	1,712	1,789
Other Intragovernmental Liabilities (Note 10)	13	16
Total Intragovernmental	49,059	44,321
Accounts Payable and Accrued Funded Payroll, Benefits	51,770	59,002
Deposit Account Liability	6,839	6,338
Accrued Unfunded Annual and Compensatory Leave	25,272	24,934
Actuarial Unfunded Workers' Compensation (Note 8)	8,027	8,590
Other Liabilities (Note 10)	4,407	4,236
TOTAL LIABILITIES	\$ 145,374	\$ 147,421
Commitments and Contingencies (Note 9)		
NET POSITION		
Unexpended Appropriations – All Other Funds	\$ 161,729	\$ 154,820
Cumulative Results of Operations – All Other Funds	27,957	27,591
Total Net Position – All Other Funds	189,686	182,411
Cumulative Results of Operations – Dedicated Collections (Combined) (Note 17)	192,947	193,738
Total Net Position – Dedicated Collections (Combined) (Note 17)	192,947	193,738
TOTAL NET POSITION	\$ 382,633	\$ 376,149
TOTAL LIABILITIES AND NET POSITION	\$ 528,007	\$ 523,570

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

THE LIBRARY OF CONGRESS
Consolidated Statements of Net Costs
For the Years Ended September 30, 2015 and 2014

	(in thousands)	
	FY 2015	FY 2014
NET COSTS BY PROGRAM AREA		
Library Services:		
Program Costs	\$ 397,630	\$ 395,041
Less: Earned Revenue	(2,667)	(2,809)
Net Program Costs	394,963	392,232
Law Library:		
Program Costs	26,460	23,742
Less: Earned Revenue	(1)	(1)
Net Program Costs	26,459	23,741
Copyright Office:		
Program Costs	69,991	70,738
Less: Earned Revenue	(37,973)	(34,247)
Net Program Costs	32,018	36,491
Congressional Research Service:		
Program Costs	139,185	135,335
Less: Earned Revenue	(2)	(2)
Net Program Costs	139,183	135,333
National Library Service for the Blind and Physically Handicapped:		
Program Costs	59,664	56,743
Less: Earned Revenue	(2)	(3)
Net Program Costs	59,662	56,740
Revolving and Reimbursable Funds:		
Program Costs	99,174	113,834
Less: Earned Revenue	(78,002)	(89,505)
Net Program Costs	21,172	24,329
NET COSTS OF OPERATIONS	\$ 673,457	\$ 668,866

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

THE LIBRARY OF CONGRESS
Consolidated Statements of Changes in Net Position

For the Years Ended September 30, 2015 and 2014

(in thousands)

	FY 2015			FY 2014		
	Dedicated Collections (Combined)	All Other Funds (Combined)	Consolidated Total	Dedicated Collections (Combined)	All Other Funds (Combined)	Consolidated Total
CUMULATIVE RESULTS OF OPERATIONS						
Beginning Balances	\$ 193,738	\$ 27,591	\$ 221,329	\$ 181,287	\$ 35,064	\$ 216,351
Budgetary Financing Sources:						
Appropriations Used	.0	577,613	577,613	.0	558,963	558,963
Non-exchange Revenue	404	0	404	409	0	409
Donations of Cash or Securities	7,677	0	7,677	10,403	0	10,403
Transfers In/(Out) Without Reimbursement	.0	0	0	0	0	0
Other	2,356	0	2,356	2,407	0	2,407
Other Financing Sources (Non-exchange):						
Donations of Property and Services	999	0	999	688	0	688
Transfers In/(Out) Without Reimbursement	.0	0	0	(13)	13	0
Imputed Financing	2,629	85,131	87,760	2,812	90,071	92,883
Other	(3,777)	0	(3,777)	8,091	0	8,091
Total Financing Sources	10,288	662,744	673,032	24,797	649,047	673,844
Net Cost of Operations	(11,079)	(662,378)	(673,457)	(12,346)	(656,520)	(668,866)
Net Change	(791)	366	(425)	12,451	(7,473)	4,978
CUMULATIVE RESULTS OF OPERATIONS	\$ 192,947	\$ 27,957	\$ 220,904	\$ 193,738	\$ 27,591	\$ 221,329
UNEXPENDED APPROPRIATIONS						
Beginning Balances	\$ 0	\$ 154,820	\$ 154,820	\$ 0	\$ 141,486	\$ 141,486
Budgetary Financing Sources:						
Appropriations Received	.0	590,921	590,921	.0	578,982	578,982
Appropriations Transferred In/(Out)	.0	0	0	.0	0	0
Other Adjustments	.0	(6,399)	(6,399)	.0	(6,685)	(6,685)
Appropriations Used	.0	(577,613)	(577,613)	.0	(558,963)	(558,963)
Total Budgetary Financing Sources	.0	6,909	6,909	.0	13,334	13,334
TOTAL UNEXPENDED APPROPRIATIONS	\$ 0	\$ 161,729	\$ 161,729	\$ 0	\$ 154,820	\$ 154,820
NET POSITION	\$ 192,947	\$ 189,686	\$ 382,633	\$ 193,738	\$ 182,411	\$ 376,149

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

THE LIBRARY OF CONGRESS
Combined Statements of Budgetary Resources

For the Years Ended September 30, 2015 and 2014

(in thousands)

	FY 2015	FY 2014
BUDGETARY RESOURCES		
Unobligated balance brought forward, October 1	\$ 77,448	\$ 81,176
Recoveries of prior year unpaid obligations	23,240	17,589
Other changes in unobligated balance (+ or -)	(6,399)	(6,685)
Unobligated balance from prior year budget authority, net	94,289	92,080
Appropriations (discretionary and mandatory)	610,668	591,822
Spending authority from offsetting collections (discretionary and mandatory)	145,988	146,835
TOTAL BUDGETARY RESOURCES	\$ 850,945	\$ 830,737

STATUS OF BUDGETARY RESOURCES		
Obligations incurred (Note 18)	\$ 757,128	\$ 753,289
Unobligated balance, end of year:		
Exempt from apportionment	79,937	65,411
Unapportioned	13,880	12,037
Total unobligated balance, end of year	93,817	77,448
TOTAL BUDGETARY RESOURCES	\$ 850,945	\$ 830,737

CHANGE IN OBLIGATED BALANCE		
Unpaid Obligations:		
Unpaid obligations, brought forward, October 1 (gross)	\$ 241,887	\$ 221,889
Obligations incurred	757,128	753,289
Outlays (gross) (-)	(747,874)	(715,702)
Recoveries of prior year unpaid obligations (-)	(23,240)	(17,589)
Unpaid obligations, end of year (gross)	227,901	241,887
Uncollected Payments:		
Uncollected payments from federal sources, brought forward, October 1 (-)	(18,949)	(30,809)
Change in uncollected payments from federal sources (+ or -)	9,149	11,860
Uncollected payments from federal sources, end of year (-)	(9,800)	(18,949)
OBLIGATED BALANCE, START OF YEAR (NET)	\$ 222,938	\$ 191,080
OBLIGATED BALANCE, END OF YEAR (NET)	\$ 218,101	\$ 222,938

BUDGET AUTHORITY AND OUTLAYS, NET		
Budget authority, gross (discretionary and mandatory)	\$ 756,656	\$ 738,657
Actual offsetting collections (discretionary and mandatory) (-)	(155,137)	(158,695)
Change in uncollected customer payments from federal sources (discretionary and mandatory) (+ or -)	9,149	11,860
BUDGET AUTHORITY, NET (DISCRETIONARY AND MANDATORY)	\$ 610,668	\$ 591,822
Outlays, gross (discretionary and mandatory)	\$ 747,874	\$ 715,702
Actual offsetting collections (discretionary and mandatory) (-)	(155,137)	(158,695)
Outlays, net (discretionary and mandatory)	592,737	557,007
Distributed offsetting receipts (-)	(306)	(1,001)
AGENCY OUTLAYS, NET (DISCRETIONARY AND MANDATORY)	\$ 592,431	\$ 556,006

(The Library has no non-budgetary credit program financing accounts; all amounts above are budgetary.)

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

NOTE 1	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
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A. Reporting Entity

The Library of Congress (the Library), a legislative branch agency of the U.S. government, was established in 1800 primarily to provide information to the Members and committees of the U.S. Congress. Since then, the Library has been assigned other major missions such as serving as the de facto national library, 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 funds and funds accepted and controlled by the Library of Congress Trust Fund Board (TFB).

The Library's programs and operations are subject to oversight by the Joint Committee on the Library, the oldest joint committee of the Congress, which is comprised of members of the U.S. House of Representatives and Senate. The Library is also subject to oversight by the U.S. House of Representatives Committee on House Administration and U.S. Senate Committee on Rules and Administration. The U.S. Copyright Office works closely with the Judiciary Committees of the House and Senate, which have oversight of copyright laws. 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 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 administers several fee-for-service revolving funds and receives donations from the public, which are classified as gifts or funds accepted and controlled by the TFB, which consists of the Librarian of Congress (who is Chairman and Secretary of the TFB), the Chairman and Vice-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 members appointed by the President (two), the U.S. House of Representatives (four), and the U.S. Senate (four).

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

B. Basis of Presentation

The accompanying financial statements report the financial position, net costs, changes in net position, and budgetary resources of the Library for fiscal years 2015 and 2014. 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 Generally Accepted Accounting Principles (GAAP).

Fiduciary assets are not assets of the Library of Congress and are not recognized on the Balance Sheet, Statement of Net Cost, or Statement of Net Position (See Note 20).

Material intra-Library transactions and balances have been eliminated from the Consolidated Balance Sheets, the Consolidated Statements of Net Cost, and the Consolidated Statements of Changes in Net

Position. The Statement of Budgetary Resources is presented on a combined basis; therefore, intra-Library transactions and balances have not been eliminated from this statement.

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). As a legislative branch entity, the Library is not currently required to prepare general purpose financial reports and is not subject to any requirements by the FASAB's sponsors to follow FASAB GAAP. However, for purposes of financial management and reporting, the Library has issued Library of Congress Regulation (LCR) 1510, Financial Services, which adopts FASAB standards for financial reporting and internal controls in a manner consistent with a legislative agency, and insofar as practical, conforms to GAAP for federal agencies. The Library maintains its fund balances with the Department of the Treasury and submits information required to incorporate its financial and budgetary data into the overall federal government structure. The Library has not adopted the Federal Financial Management Improvement Act of 1996, the Federal Managers Financial Integrity Act, the Government Performance and Results Act, and the GPRM Modernization Act, as these standards are not applicable to the Library. However, the Library uses these sources as guidance and reference in its operations.

For fiscal 2015 (and 2014) the statements include 4 (4) appropriated fund accounts; 26 (26) revolving and gift revolving funds; 38 (37) reimbursable funds; 107 (107) TFB funds; and 131 (133) gift funds, respectively.

C. Basis of Accounting

In accordance with LCR 1510, the Library's financial statements conform to accounting principles generally accepted in the United States of America as promulgated by FASAB. Although the FASAB sponsors do not prescribe accounting standards for the legislative branch, the American Institute of Certified Public Accountants has designated FASAB Standards as GAAP for federal reporting entities and these are appropriate accounting standards for legislative agencies to adopt when preparing GAAP-based general purpose financial statements.

The statements were also prepared based on guidance published in the Office of Management and Budget (OMB) Circular No. A-136, Financial Reporting Requirements. The Library is not required to adopt this circular, and accordingly has elected to use the disclosures management deems necessary for the fair presentation of financial statement information.

The accounting structure of the Library is designed to reflect both accrual and budgetary accounting. 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 budgetary accounting, on the other hand, is designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The budgetary accounting facilitates compliance with legal constraints on and controls over the use of federal funds.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

D. Revenues and Other Financing Sources

Appropriations

The Library receives the majority of its funding to support its programs through four 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. Appropriations are recognized as revenues at the time they are expended. The four appropriations for fiscal 2015 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)

Earned Revenues

Additional amounts are obtained through reimbursements from services performed for other federal agencies as authorized by the Economy Act and the Library's annual appropriations legislation. In addition, the Library operates several self-sustaining revolving funds that generate revenues from the sale of various products and services to the public and federal customers. Revolving and reimbursable fund revenue is recognized when goods have been delivered or services rendered.

Under the authority of 2 U.S.C. 182, the Cooperative Acquisitions Revolving Fund was established on October 1, 1997, and is the program under which the Library acquires foreign publications and research materials on behalf of participating institutions on a cost-recovery basis (over time). 2 U.S.C. 182 was amended for the establishment of revolving funds for Audio-Visual Duplication Services, Gift Shop Operations, Decimal Classification, Document Reproduction and Microfilm Services, Special Events, FEDLINK and Federal Research program.

- The Audio-Visual Duplication Services fund provides audio and video duplication and delivery services which are associated with the Packard Campus for Audio-Visual Conservation in Culpeper, Virginia.
- The Decimal Classification fund performs decimal classification development. During fiscal 2015, program work and funding for Decimal Classification ceased.
- The Gift Shop fund operates a gift shop and other sales of items associated with collections, exhibits, performances, and special events at the Library.
- The Document Reproduction and Microfilm Services fund provides document reproduction and microfilming services.
- The Special Events fund performs services related to the hosting of special events and programs by the Librarian in Library facilities.
- The FEDLINK program is the program of the Library under which procurement of publications and library support services, along with related accounting, education and support services are provided to federal government or District of Columbia entities.
- The Federal Research program provides research reports, translations, and analytical studies for federal government or District of Columbia entities.

The revolving funds report, but are not required to recover, unreimbursed inter-entity costs (imputed costs).

Imputed Financing Sources

In accordance with FASAB's Statement of Federal Financial Accounting Standards (SFFAS) No. 30, "Inter-Entity Cost Implementation Amending SFFAS 4, Managerial Cost Accounting Standards and Concepts," the Library has recorded expenses for the material unreimbursed full costs of goods and services that it receives from other legislative branch agencies (e.g., the Architect of the Capitol and the Government Printing Office) and executive branch agencies (e.g., the Office of Personnel Management (OPM) and the Department of the Treasury). Since these costs are not actually paid to the other agencies, an imputed financing source is recorded to offset these costs that are financed by the other federal agencies.

Donation and Interest Revenue

The Library receives monetary gifts from donors and receives interest on invested funds. The Library also receives gifts of donated property or services. The Library records these in-kind donations as donated revenue in the year earned and an offsetting expense in the same year.

During fiscal years 2015 and 2014, vendors provided in-kind donations for the Library's annual book festival. At times, the Ira and Leonore Gershwin Trust Fund known as Trust fbo The Library of Congress has provided in-kind materials and services to the Library.

Deferred Credits

The Library received gifts subject to certain conditions being met. These are not considered earned until the conditions are met, and are recorded as deferred credits until earned.

Deferred credits also consist of non-federal revenue receivables for orders, for which no budget authority has been given.

E. Gift and TFB Funds

The Library administered gift and TFB funds with combined net asset value of approximately \$168.5 million and \$175.4 million during fiscal years 2015 and 2014, respectively. Funds are restricted as to their use, which must be in accordance with the terms of the gift agreement. In general, TFB funds are either temporarily restricted (principal may be spent) or permanently restricted (principal may not be spent). Additional restrictions may be imposed on TFB funds by the terms of an agreement or donor's will. Library fund managers administer and oversee the gift and TFB 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 TFB funds, revolving, and deposit 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 financial statements.

H. Investments (Net)

Gift and TFB Funds - The TFB determines the investment policy for the Library's gift and TFB funds. The policy provides the following options for investment of TFB funds:

- a permanent loan with the U.S. Treasury
- a pool of U.S. Treasury market-based securities
- private investment pools consisting of the following stock, index and money market funds. The funds approved by the TFB's Investment Committee, as delegated by the Board, during fiscal 2015 are:
 - iShares Russell 1000
 - Robeco Large Cap Value
 - HS Management
 - Diamond Hill Investments
 - Institutional Capital Corporation (ICAP) Investments
 - DSM Large Cap Growth Fund
 - Vaughan Nelson Investment Management
 - Frontier Capital Management
 - Europacific Growth Fund
 - Dodge & Cox International Fund
 - Lazard Emerging Markets Fund
 - Dodge & Cox Income Fund
 - MetWest Total Return Fund
 - PIMCO Total Return Fund
 - Brandywine Global Opportunistic Fund
 - Templeton Global Bond Fund
 - Double Line Total Return Fund
 - Hotchkis & Wiley High Yield Fund
 - PIMCO Short-Term Fund
 - Payden Limited Maturity Fund
 - Wells Fargo Absolute Return
 - Westwood Income Opportunities
 - FPA Crescent
 - PIMCO All Asset

and utilized during fiscal 2014:

- Harbor Capital Appreciation Fund
- HS Management
- Diamond Hill Investments
- Institutional Capital Corporation (ICAP) Investments
- DSM Large Cap Growth Fund
- Vaughan Nelson Investment Management
- Frontier Capital Management
- Thornburg International Value Fund
- iShares MSCI EAFE Index Fund
- Europacific Growth Fund
- Dodge & Cox International Fund
- Lazard Emerging Markets Fund
- Dodge & Cox Income Fund
- PIMCO Total Return Fund
- Brandywine Global Opportunistic Fund
- Templeton Global Bond Fund
- Double Line Total Return Fund
- Hotchkis & Wiley High Yield Fund
- PIMCO Short-Term Fund
- Payden Limited Maturity Fund

The policy for gift funds allows for investment in the same manner as TFB funds.

Under 2 U.S.C. 158, up to \$10 million of the Library's TFB 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 4% 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 TFB fund investments are obtained and held by the gift and TFB funds under conditions set forth in the respective gift and TFB instruments.

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 and Prepayments

Accounts receivable primarily resulted from billings to other federal agencies under interagency agreements for contracting and/or accounts payable services related to database retrieval and other library services. The Library has established a percentage allowance for doubtful accounts against accounts receivable due from non-federal customers, based on past collection experience. The majority of intragovernmental receivables are likely to be totally collected so in accordance with 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.", the Library does not record a percentage allowance for doubtful accounts for intragovernmental accounts receivable. An allowance has been established for intragovernmental bills that are three or more years old and for which collection efforts continue.

Prepayments are payments made to cover certain periodic expenses before those expenses are incurred and are usually immaterial to the financial statements. In 2015 a material prepayment was provided to another government agency for services related to storage facility modifications, operations and maintenance costs. The Library will reduce the prepayment and recognize costs as the funds are expended by the other agency.

J. Pledges Receivable

Contributions of unconditional promises to give (pledges) to the Library and the Library of Congress TFB 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. The Library regularly monitors the status of all pledges and adjusts accordingly; therefore, no allowance for uncollectible pledges has been established.

K. Inventory and Related Property

The Library's inventories are primarily comprised of bibliographic products 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. Sales shop merchandise is valued at cost or market, whichever is lower. The recorded values of inventory and operating materials are adjusted for the results of periodic physical counts.

L. Property and Equipment

The Library capitalizes furniture and equipment at cost if the initial acquisition cost is \$50,000 or more (\$25,000 in fiscal years 2013 and prior). Depreciation is computed on a straight-line basis using estimated useful lives.

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 the Integrated Support Services Administrative Working Fund are recorded in the reimbursable funds. Property and equipment purchased by FEDLINK, the Federal Research Program, Document Reproduction and Microfilm Service,

Audio-Visual Duplication Services, and the Cooperative Acquisitions Program are recorded in the revolving funds.

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 TFB funds. Capitalized property and equipment acquired through gifts are recognized as donated revenue in the gift and TFB funds and transferred to the Library's appropriated fund, once the costs are complete and the property is placed in service. The Library records the donated property and equipment at its fair market value at the time of the gift.

Operating equipment is amortized over a 3- to 20-year period. Software includes software purchased from outside vendors and software defined as "internal use software" in accordance with SFFAS No. 10, "Accounting for Internal Use Software." Software is recorded with an estimated useful life of three years or more and a value of at least \$750,000 (\$250,000 per item acquired in fiscal years 2011 to 2013, \$100,000 per item acquired in fiscal years 1998 to 2010).

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

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), a secondary storage facility at Fort Meade, Maryland, and the Packard Campus for Audio-Visual Conservation in Culpeper, Virginia. The Architect receives an appropriation from the Congress to fund maintenance, care, and operations of the Library's buildings and grounds. Costs associated with the acquisition and maintenance of these buildings is accounted for by the Architect. However, the Library has recorded the inter-entity cost and related imputed financing source in its books. The Library does capitalize and depreciate leasehold improvements to its facilities as long as the improvements were made using the Library's funding sources and the acquisition cost is at least \$250,000 (\$100,000 for fiscal years 2013 and prior).

M. Library Collections and Heritage Assets

The Library classifies its collections as Heritage Assets, that is, assets with historical, cultural, educational, artistic or natural significance. The Library's mission is to make its resources available and useful to the Congress and the American people and to sustain and preserve a universal collection of knowledge and creativity for future generations.

The Library's collection development policies are designed to fulfill its responsibilities to serve (1) the Congress and United States government as a whole, (2) the scholarly and library communities, and (3) the general public. Written collection policy statements ensure that the Library makes every effort to possess all books and other library materials necessary to the Congress and various offices of the United States government to perform their duties; a comprehensive record, in all formats, documenting the life and achievement of the American people; and a universal collection of human knowledge embodying, primarily in print form, the records of other societies, past and present.

Copyright deposits are a major source of the Library’s collections of Americana. The Library also acquires materials by purchase, transfer from other federal agencies, gift, domestic and international exchange, or by provisions of state and federal law. Many of these materials are foreign publications. Various preservation methods are used to maintain the collections, and disposals occur only for the exchange and gift of unwanted or duplicate copies. As of September 30, 2015 and 2014, the Library had 91 and 92 collections, respectively, managed by its custodial units.

The collections are organized into major categories based primarily on how the Library manages the collections. The units which managed the collections are Library Services and Law Library in 2015 and Library Services, Law Library and Copyright in 2014.

	September 30, 2014	Added	Removed	September 30, 2015
Library Services	84	0	1	83
Law Library	4	0	0	4
Shared Custody (LS & LL)	3	1	0	4
Copyright	1	0	1	0
Total	92	1	2	91

The cost of acquiring additions to the collections is expensed, in the period incurred, in the Statement of Net Cost (See Note 12). Supplemental information regarding the condition and preservation of the collections is included with the Assessment of Condition of Heritage Assets.

N. Deferred Maintenance and Repairs

The costs of maintenance and repairs are not included in the cost of capitalized property. Deferred maintenance and repairs (DM&R) are those which are delayed for a future period. Library buildings are considered owned by the Architect of the Capitol and any associated DM&R is measured and reported by that agency. The Library policy is to ensure critical systems are maintained and operated in a safe and effective manner. The Library has maintenance agreements for most equipment and software. The Library does not defer any material amount of maintenance for equipment, furniture or software. Therefore, no periodic assessment is performed.

Impaired equipment or furniture having a significant and permanent decline in the service utility of the item is disposed of. The Library does not retain any material amount of impaired general PP&E property.

Management considers the content of the Library’s collections as Heritage Assets in whatever form. An assessment of the condition of Heritage Assets is included in the Management Report section of these financial statements.

O. 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 which are the results 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 revolving programs that have not yet been earned.

Deposit Liabilities are customer funds on deposit for Copyright, Document Reproduction and Microfilm Services, and Cataloging Distribution Service products and services.

Accrued Annual and Compensatory Leave - The Library's basic leave policy is contained within Title 5, Part III, of the U. S. Code, 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. Annual leave is accrued as it is earned and the liability is 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 also 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. Compensatory leave earned will remain on the employee's leave record for use up to a maximum of 26 pay periods from the pay period in which it was earned. Any compensatory leave not used beyond the 26 pay periods will be forfeited.

Sick leave and other types of non-vested leave are expensed as taken.

P. Federal Employee Retirement Benefits

The Library contribution costs (both funded and unfunded) to the various employee retirement programs are described below. The accrued funded contributions due at the end of the fiscal year are reported as liabilities covered by budgetary resources.

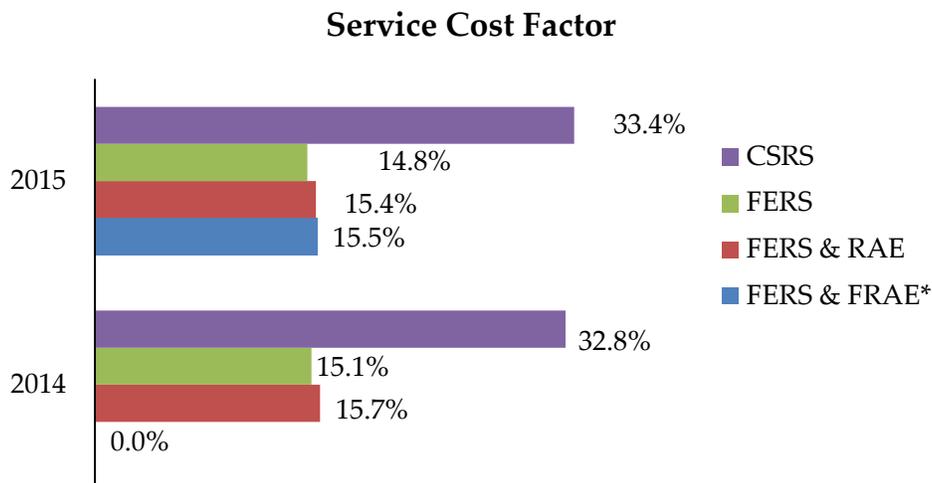
Approximately 13% and 15% of the Library's employees participated in the Civil Service Retirement System (CSRS) during fiscal years 2015 and 2014, respectively, to which the Library makes contributions equal to 7.0% of pay. Of those participating in CSRS, approximately 2% during fiscal years 2015 and 2014 are also covered by Social Security (FICA), for which the Library's contribution is slightly less.

Approximately 82% and 81% of the Library's employees were covered by the Federal Employees Retirement System (FERS) during fiscal years 2015 and 2014, respectively, to which the Library's normal contribution was 13.2% and 11.9% of pay during fiscal years 2015 and 2014. Of those participating in FERS during fiscal years 2015 and 2014, approximately 9% and 4%, respectively, were under the revised annuity (FERS-Revised Annuity Employees (RAE) and FERS-Further Revised Annuity Employees (FRAE)) to which the agency contribution rate was 11.1% and 9.6% during fiscal years 2015 and 2014. Additionally, for employees under FERS, the Library contributes an automatic 1% of employee's pay, plus matches employee Thrift Savings Plan (TSP) contributions up to 4% of pay (matched dollar-for-dollar on the first 3% of pay and 50 cents on the dollar for the next 2% of pay). Under FERS, the employee is also covered by FICA to which the Library contributes the employer's matching share of 6.2%.

Approximately 4% of the Library's employees were covered only by FICA during fiscal years 2015 and 2014, to which the Library contributes the employer's matching share of 6.2%.

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," current year expenses were recorded for the service cost of the Library's employee retirement benefits.

The service cost factor is applied to the annualized employee pay, less the Library's funded contributions, to derive the imputed retirement pension cost being financed directly by OPM. This unfunded cost was offset by an imputed financing source.



*Service Cost Factor for 2014 only includes RAE

Q. Federal Government Transactions

The financial activities of the Library interact with and depend on other federal government agencies. Thus, the Library's financial statements do not reflect all financial decisions and activities applicable to it as if it were a stand-alone entity. The financial statements do not contain the cost of activities performed for the benefit of the entire government, nor do they include the agency's share of the federal deficit or of public borrowings, including interest thereon. However, expenses have been recognized for expenses incurred by certain other agencies on behalf of the Library. Typically, this includes grounds and buildings maintenance, utilities and renovation costs funded by Architect of the Capitol, settlement of claims and litigation paid by the Treasury's Judgment Fund and the partial funding of employee benefits by OPM.

The Library's program for the blind and physically handicapped participates in the U.S. Postal Service's (USPS) "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 that 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. No cost for this has been determined, nor included in the Library's financial statements as the Library views the relationship with the USPS and state and local libraries as a partnership and not inter-entity costs.

Services Provided to other Federal Agencies:

- The Library is authorized to provide to other federal libraries and agencies services such as automated library information and other database retrieval services through database 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).
- The Library is authorized to provide to other legislative branch agencies accounting services and/or financial system hosting services. These services are provided on a cost reimbursement basis in accordance with the Economy Act.

Services Provided by other Federal Agencies:

Three governmental 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.
- The Library utilizes the services provided in the Department of States' International Cooperative Administrative Support Services (ICASS) system to support the Library's six overseas field offices.
- General Services Administration (GSA) provides building and vehicle leasing services for the Library.

R. Related Party Organizations

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. **Telephone Pioneers of America** - The Telephone Pioneers is a large industry-related organization that voluntarily repairs sound reproduction machines for the blind and physically handicapped program. Approximately 1,500 Telephone Pioneers (retirees from AT&T and other telecom companies) and Elfuns (General Electric volunteers) donate their time to repair the machines.
2. **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 childcare 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. In addition, the Library, in accordance with Public Law 106-554, pays the government contributions for individuals receiving health, life, and retirement benefits provided by the Office of Personnel Management. 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.

3. **The Archer M. Huntington Charitable Trust – Beneficial Interest in Perpetual 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 TFB 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. 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, the acquisition of materials for the Library's Hispanic collections, and the promotion of activities of the Hispanic Division, particularly those that relate to Spain, Portugal and Latin America.

In accordance with FASB ASC 958-605-30-14, in fiscal years 2015 and 2014, the Library recorded the fair value of the beneficial interest in this perpetual trust. The fair value of a perpetual trust held by a third party can generally be measured using the fair value of the assets contributed to the trust, unless other facts and circumstances indicate the amount of the beneficial interest is substantially different. The Library has the irrevocable right to receive one-half of the income earned on these trust assets in perpetuity, but the Library will never receive the assets held in trust.

4. **Ira and Leonore Gershwin Trust Fund and Related Charitable Trust** - Under the will of Mrs. Leonore Gershwin, the TFB is the beneficiary of 37.5% of Mrs. Gershwin's "1987 Trust." The will established the Trust fbo The Library of Congress which was accepted by the TFB in January 1992. The primary purpose of the trust is to perpetuate the names and works of George and Ira Gershwin through all resources of the Library. The trust does not belong to the Library but is a separate entity administered by trustees. The net income of the trust is distributed to the Library's Ira and Leonore Gershwin Trust Fund yearly or upon request by the Library. The balance of the principal of the charitable trust will be distributed to the Library in 2033, fifty years after the date of death of Ira Gershwin.

In accordance with ASC 820-10-55, the Library has used the expected present value (EPV) Method 2, to record the fair value of this pledge receivable. The fair value is based on the present value (discounted) anticipated annual cash flows, discounted through 2033, when the trust will be liquidated.

NOTE 2	FUND BALANCE WITH TREASURY
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A. Fund Balance with Treasury as of September 30, 2015 and 2014 is summarized as follows:

	(in thousands)	
	FY 2015	FY 2014
Appropriated Funds	\$ 184,746	\$ 185,837
Revolving and Reimbursable Funds	98,686	85,385
Gift and TFB Funds ¹	15,374	15,346
Deposit and Other Funds	536	828
TOTAL	\$ 299,342	287,396

¹ As of September 30, 2015 and 2014, the gift and TFB fund balance with Treasury included \$10 million invested in the permanent loan, which is included in fund balance with Treasury, at interest rates of 4.0% for both fiscal years.

B. Status of Fund Balance with Treasury

	(in thousands)	
	FY 2015	FY 2014
Unobligated Balances – Available	\$ 56,745	\$ 39,168
Unobligated Balances – Unavailable	23,717	24,208
Obligated Balances Not Yet Disbursed	218,324	223,172
Non-budgetary	556	848
TOTAL	\$ 299,342	287,396

NOTE 3	INVESTMENTS, NET
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Investments as of September 30, 2015 and 2014 are as follows:

(in thousands)

FY 2015	Intragovernmental Investments (Non-Marketable, Market-Based)	Other Investments (Private Sector)	Total
Face Value	\$ 29,236	\$ 0	\$ 29,236
Cost	0	97,451	97,451
Unamortized Premium	0	0	0
Unrealized Discount	(1)	0	(1)
Interest Receivable	0	0	0
INVESTMENTS, NET	\$ 29,235	\$ 97,451	\$ 126,686
MARKET VALUE	\$ 29,821	\$ 121,566	\$ 151,387

(in thousands)

FY 2014	Intragovernmental Investments (Non-Marketable, Market-Based)	Other Investments (Private Sector)	Total
Face Value	\$ 34,274	\$ 0	\$ 34,274
Cost	0	94,789	94,789
Unamortized Premium	0	0	0
Unrealized Discount	(1)	0	(1)
Interest Receivable	0	0	0
INVESTMENTS, NET	\$ 34,273	\$ 94,789	\$ 129,062
MARKET VALUE	\$ 34,749	\$ 122,507	\$ 157,256

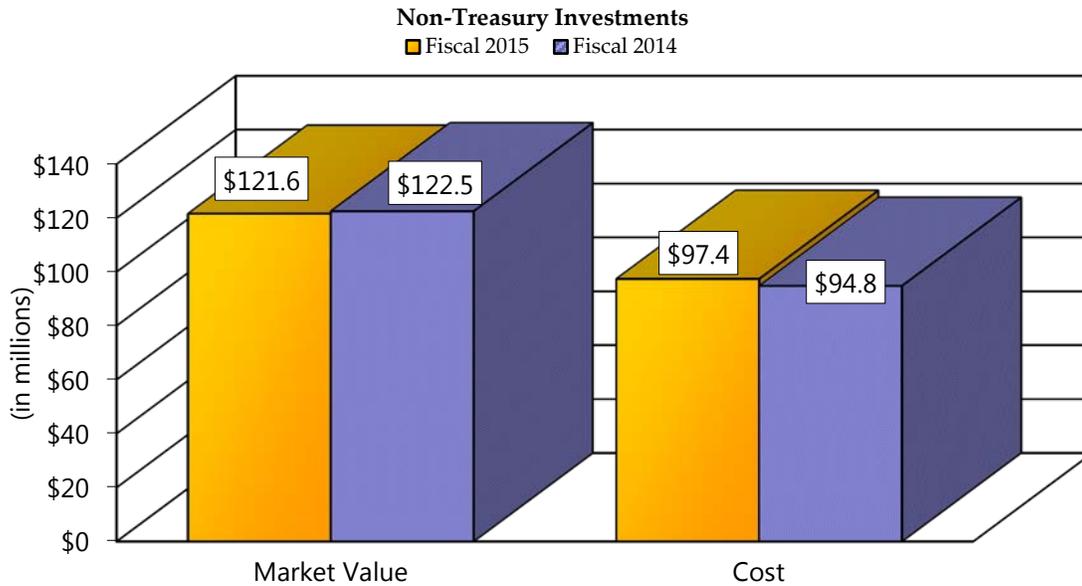
A. Intragovernmental Investments

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. TFB fund investment maturity dates for fiscal years 2015 and 2014 range from November 13, 2014 to December 10, 2015 and November 29, 2013 to January 2, 2015, respectively, and interest rates for the same fiscal years range from 0.005% to 0.095% and 0.005% to 0.075%, respectively.

B. Other Investments

Other investments are the Library's non-Treasury investments in the private sector (See Note 1.H). Cost was derived from the investments made plus reinvested gains, dividends, and interest.

Balances as of September 30, 2015 and 2014 are as follows:



NOTE 4

RECEIVABLES

The breakdown of consolidated gross and net accounts receivable as of September 30, 2015 and 2014 are as follows:

A. Accounts Receivable

(in thousands)

	FY 2015	FY 2014
Intragovernmental:		
Accounts Receivable, Gross	\$ 9,581	\$ 18,724
Less: Allowance for Doubtful Accounts	(388)	(554)
ACCOUNTS RECEIVABLE, NET	\$ 9,193	\$ 18,170
With the Public:		
Accounts Receivable, Gross	435	491
Less: Allowance for Doubtful Accounts	(8)	(13)
ACCOUNTS RECEIVABLE, NET	\$ 427	\$ 478

B. Pledges Receivable

As of September 30, 2015 and 2014, the Library had unconditional pledges of contributions totaling \$8.3 million and \$9.5 million, which were discounted through fiscal 2033 at market discount rates and included in the statement of financial position at their discounted value of \$7.8 million and \$7.3 million, respectively.

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

	(in thousands)	
	FY 2015	FY 2014
2015	\$ 0	\$ 1,448
2016	1,255	1,227
2017	1,177	1,139
2018	1,146	1,097
2019	1,108	1,053
2020 and thereafter	3,104	1,352
TOTAL	\$ 7,790	\$ 7,316

NOTE 5	PROPERTY AND EQUIPMENT
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Property and equipment that were capitalized as of September 30, 2015 and 2014 are as follows:

	(in thousands)					
	FY 2015			FY 2014		
Classes of Property and Equipment	Acquisition Value	Accumulated Depreciation / Amortization	Net Book Value	Acquisition Value	Accumulated Depreciation / Amortization	Net Book Value
Operating Equipment	\$ 93,853	\$ 75,949	\$ 17,904	\$ 88,287	\$ 72,376	\$ 15,911
Software	76,387	59,757	16,630	73,473	54,668	18,805
Furniture & Furnishings	1,966	1,211	755	1,945	1,123	822
Leasehold Improvements	42,561	28,664	13,897	40,445	25,990	14,455
Leasehold Improvements-In Progress	64	0	64	117	0	117
TOTAL	\$ 214,831	\$ 165,581	\$ 49,250	\$ 204,267	\$ 154,157	\$ 50,110

NOTE 6	NON-ENTITY ASSETS
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Entity assets are those assets that the Library has authority to use for its operations. Non-entity assets are those held by the Library but are not available for use in its operations.

	(in thousands)	
	FY 2015	FY 2014
Intragovernmental Non-Entity Assets	\$ 0	\$ 0
Accounts Receivable-With the Public	13	16
Total Non-Entity Assets	\$ 13	\$ 16
Total Entity Assets	\$ 527,994	\$ 523,554
TOTAL ASSETS	\$ 528,007	\$ 523,570

NOTE 7	LEASES
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A. Capital Leases

The Library did not have assets under capitalized leases as of September 30, 2015 and 2014.

B. Operating Leases

The Library leases warehouse space, 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 years 2015 and 2014 amounted to \$8.8 million and \$7.9 million, respectively.

Under existing commitments as of September 30, 2015, estimated future minimum lease payments through fiscal year 2020 are as follows:

	(in thousands)	
	FY 2015	FY 2014
2015	\$ 0	\$ 6,292
2016	6,532	6,380
2017	6,668	6,521
2018	6,437	6,586
2019	6,491	6,662
2020 and thereafter	26,112	26,810
TOTAL ESTIMATED FUTURE LEASE PAYMENTS	\$ 52,240	\$ 59,251

NOTE 8	WORKERS' COMPENSATION
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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 is using estimates provided by DOL to report the FECA liability. The Library accrued \$1.7 million and \$1.8 million of unbilled or unpaid workers' compensation costs as of September 30, 2015 and 2014, respectively. The amount owed to DOL is reported on the Library's Balance Sheet as an intragovernmental liability. The Library also established an estimated unfunded liability payable to employees, for future costs based on historical claims rates. The estimated future unfunded liability is \$8.0 million and \$8.6 million as of September 30, 2015 and 2014, respectively, and is based on a ten-year projection. This liability is recorded on the Balance Sheet as a liability with the public.

NOTE 9	CONTINGENT LIABILITIES
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Several claims against the Library relating to employment matters are pending at the administrative level or in court. The combined estimated loss for these claims may range up to \$6 million. While the resolution of claims cannot be predicted with certainty, management has evaluated these claims and believes that the chance of a materially adverse outcome for them is less than probable. Therefore, an accounting entry for the estimate was not posted and there is no impact on the financial statements. Management believes all other claims are immaterial with respect to the Library's financial statements. Under law, any claims finally adjudicated or settled at the administrative level would be paid from the Library's funds and any claims litigated in court would be settled by the Treasury's Claims, Judgments and Relief Act Fund.

NOTE 10	OTHER LIABILITIES
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Other Liabilities as of September 30, 2015 and 2014 are comprised of the following:

	(in thousands)	
	FY 2015	FY 2014
Other Liabilities-Intragovernmental:		
Liability to Treasury General Fund	\$ 13	\$ 16
Total Intragovernmental	13	16
Deferred Credits	24	0
Advances From the Public	4,383	4,236
Total With the Public	4,407	4,236
TOTAL	\$ 4,420	\$ 4,252

NOTE 11**LIABILITIES COVERED AND NOT COVERED
BY BUDGETARY RESOURCES**

(in thousands)

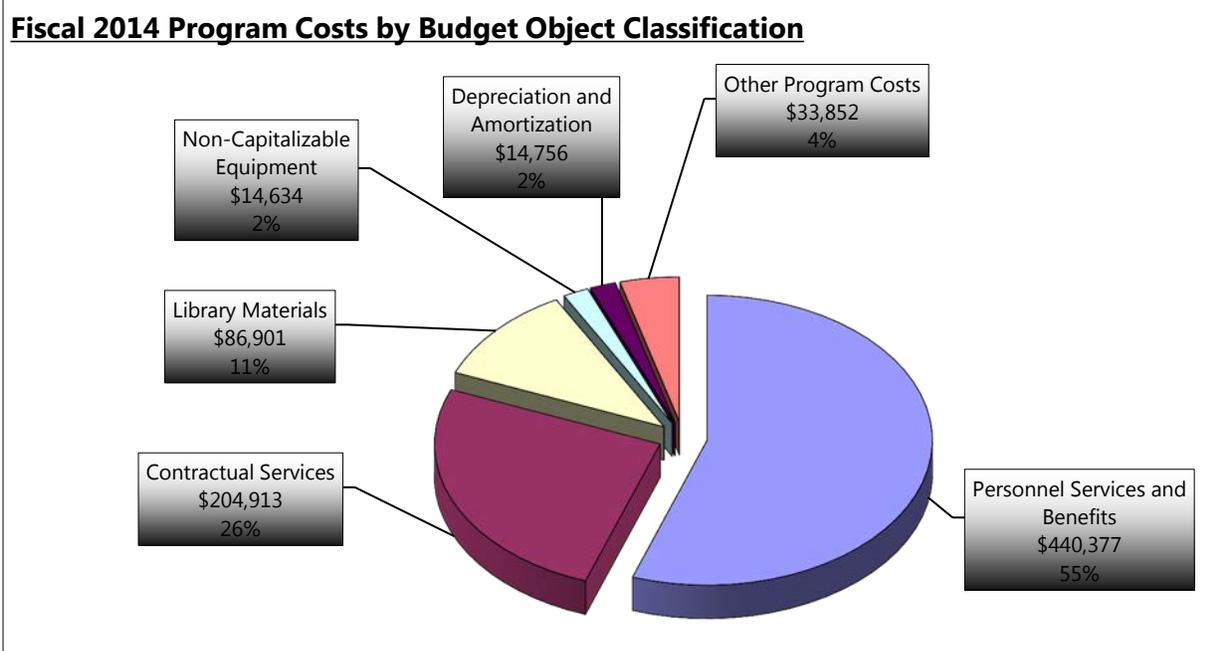
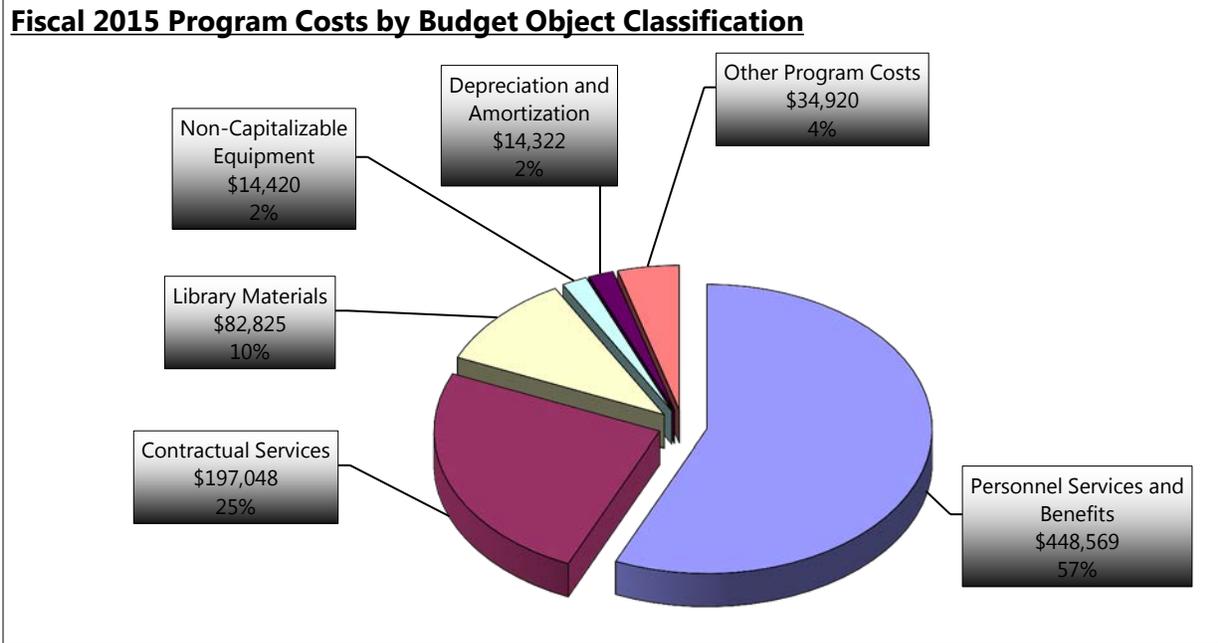
	FY 2015	FY 2014
Liabilities Covered by Budgetary Resources	\$ 110,363	\$ 112,108
Liabilities Not Covered by Budgetary Resources:		
Intragovernmental	1,712	1,789
With the Public	33,299	33,524
TOTAL	\$ 145,374	\$ 147,421

Liabilities covered by budgetary resources include accounts payable, advances from others, accrued funded payroll and benefits, custodial liabilities, deposit account liabilities, advances from the public, and deferred credits.

Liabilities not covered by budgetary resources include accrued unfunded annual and compensatory leave, accrued unfunded workers compensation, and other unfunded liabilities.

NOTE 12 PROGRAM COSTS BY BUDGET OBJECT CLASSIFICATION

(in thousands)



The Library’s collections are classified as Heritage Assets. \$30.1 million and \$30.9 million of the amount designated as Library Materials above represents the fiscal years 2015 and 2014 cost incurred by the Library for Heritage Assets.

NOTE 13**PROGRAM COSTS AND EARNED REVENUE
BY FUNCTIONAL CLASSIFICATION****A. Program Costs by Functional Classification**

(in thousands)

	FY 2015	FY 2014
Commerce and Housing Credit	\$ 56,237	\$ 55,182
Education, Training, Employment, and Social Services	619,819	626,960
General Government	116,048	113,291
TOTAL	\$ 792,104	\$ 795,433

B. Earned Revenue by Functional Classification

(in thousands)

	FY 2015	FY 2014
Commerce and Housing Credit	\$ 37,972	\$ 34,245
Education, Training, Employment, and Social Services	80,504	92,270
General Government	171	52
TOTAL	\$ 118,647	\$ 126,567

NOTE 14**EXCHANGE REVENUES**

In accordance with LCR 1510 the Library must comply with any OMB circular or bulletin if it is specifically prescribed in (1) an LCR, (2) an OCFO 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 include all direct and indirect costs to any part of the federal government of providing the good or service, including unreimbursed inter-entity costs.

Were the Library to increase fees and prices to recover full costs to the government for providing goods and services in its business-like activities, 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. Under the Copyright Act, the Copyright Office is required to collect fees for Copyright registrations. The Act does not require the recovery of the full costs of operations, but rather the Register of Copyrights 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.

NOTE 15	PROGRAM COSTS AND EARNED REVENUE FOR REVOLVING FUNDS
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		(in thousands)	
		FY 2015	FY 2014
Audio-Visual Duplication Services:	Program Cost	\$ 177	\$ 170
	Less: Earned Revenue	(113)	(127)
	Net Program Cost	64	43
Cooperative Acquisitions Program:	Program Cost	2,786	2,919
	Less: Earned Revenue	(2,785)	(2,862)
	Net Program Cost	1	57
Decimal Classification:	Program Cost	0	138
	Less: Earned Revenue	0	(41)
	Net Program Cost	0	97
Document Reproduction and Microfilm Services:	Program Cost	1,068	1,168
	Less: Earned Revenue	(574)	(618)
	Net Program Cost	494	550
Gift Shop Operations:	Program Cost	1,837	1,820
	Less: Earned Revenue	(2,031)	(1,906)
	Net Program Cost	(194)	(86)
Federal Research:	Program Cost	3,659	4,119
	Less: Earned Revenue	(2,836)	(4,723)
	Net Program Cost	823	(604)
FEDLINK:	Program Cost	66,932	79,751
	Less: Earned Revenue	(65,432)	(75,332)
	Net Program Cost	1,500	4,419
Special Events:	Program Cost	3,747	3,286
	Less: Earned Revenue	(1,075)	(1,257)
	Net Program Cost	2,672	2,029
		Total Program Cost	80,206
		Less: Total Earned Revenue	(74,846)
		TOTAL PROGRAM COSTS	\$ 5,360
			\$ 6,505

These programs are discussed further in Note 1.D.

NOTE 16 CLASSIFICATION OF PROGRAM COSTS

(in thousands)

FY 2015	Intragovernmental		Public		Total
	Production	Non-Production	Production	Non-Production	
Library Services	\$ 111,159	\$ 29	\$ 286,427	\$ 15	\$ 397,630
Law Library	6,385	2	20,073	0	26,460
Copyright Office	15,489	12	54,490	0	69,991
Congressional Research Service	26,120	6	113,059	0	139,185
National Library Service for the Blind and Physically Handicapped	6,511	4	53,149	0	59,664
Revolving and Reimbursable Funds	5,684	21	93,469	0	99,174
TOTAL	\$ 171,348	\$ 74	\$ 620,667	\$ 15	\$ 792,104

(in thousands)

FY 2014	Intragovernmental		Public		Total
	Production	Non-Production	Production	Non-Production	
Library Services	\$ 112,818	\$ 56	\$ 281,933	\$ 234	\$ 395,041
Law Library	6,318	4	17,420	0	23,742
Copyright Office	16,969	10	53,759	0	70,738
Congressional Research Service	27,069	10	108,256	0	135,335
National Library Service for the Blind and Physically Handicapped	6,574	7	50,162	0	56,743
Revolving and Reimbursable Funds	6,935	42	106,857	0	113,834
TOTAL	\$ 176,683	\$ 129	\$ 618,387	\$ 234	\$ 795,433

NOTE 17

FUNDS FROM DEDICATED COLLECTIONS

SFFAS No. 43, "Funds from Dedicated Collections: Amending the SFFAS #27, Identifying and Reporting Earmarked Funds," defines funds from dedicated collections as those being financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and financing sources are required by statute to be used for designated activities, benefits or purposes, and must be accounted for separately from the government's general revenues. The Library's consolidated financial statements include the results of operations and financial position of its funds identified as funds from dedicated collections. The Library's funds from dedicated collections are presented among the following classifications:

- Collections of fees authorized annually for use by appropriations act for:
 - The Cataloging Distribution Service (CDS), the distribution arm for the Library of Congress bibliographic data and related technical publications. Pursuant to 2 U.S.C. 150, CDS sells its products to libraries throughout the United States and around the world and charges "...a price which will cover their costs plus ten per centum added." CDS earned revenues were \$2.6 million and \$2.9 million for fiscal years 2015 and 2014, respectively and
 - The Copyright Office, pursuant to 17 U.S.C. 708(d), is authorized to collect fees for the registration of a copyright claim and other copyright recordation and filing activities. Fees collected for these services were \$33.2 million and \$29.7 million for fiscal years 2015 and 2014, respectively.
- Public Revolving Funds authorized by 2 U.S.C. 182 for the Cooperative Acquisitions, Audio-Visual Duplication Services, Gift Shop Operations, Decimal Classification, Document Reproduction and Microfilm Services, and Special Events (these programs are discussed further in Notes 1.D. and 15);
- Gift and TFB Funds authorized by 2 U.S.C. 154-163 (and discussed further in Note 1.E.). Gift and TFB Fund cash donations and other realized revenues were \$10.6 million and \$13.4 million for fiscal years 2015 and 2014, respectively;
- Copyright Licensing Expenses revenues of \$3.3 million and \$3.7 million for fiscal years 2015 and 2014, respectively, which is authorized under the Copyright Act (17 U.S.C.) to collect fees to cover and pay administrative costs.

The federal government does not set aside assets to pay future benefits or other expenditures associated with funds from dedicated collections. The cash receipts collected from the public for funds from dedicated collections are deposited into the U.S. Treasury, which uses the cash for general Government purposes. Treasury securities are issued to the Library as evidence of its receipts. Treasury securities are an asset to the Library and a liability to the U.S. Treasury. Because the Library and the U.S. Treasury are both parts of the government, these assets and liabilities offset each other from the standpoint of the government as a whole. For this reason, they do not represent an asset or a liability in the U.S. government-wide financial statements. Treasury Securities provide the Library with authority to draw upon the U.S. Treasury to make future expenditures. When the Library requires redemption of these securities to make expenditures, the government finances those expenditures out of accumulated cash

balances by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way the government finances all other expenditures.

Fiscal data as of, and for the year ended September 30, 2015, is summarized below. Intra-agency transactions have not been eliminated in the amounts presented below.

	(in thousands)				
FY 2015 (Combined)	Offsetting Collections Funds	Public Revolving Funds	Gift and TFB Funds	Copyright Licensing Expenses	Total Dedicated Collections
Balance Sheet:					
Fund Balance with Treasury	\$ 22,464	\$ 10,190	\$ 13,112	\$ 0	\$ 45,766
Investments in U.S. Treasury Securities	0	0	22,906	0	22,906
Other Assets	1,963	583	131,809	0	134,355
TOTAL ASSETS	\$ 24,427	\$ 10,773	\$ 167,827	\$ 0	\$ 203,027
Liabilities					
Liabilities	\$ 4,238	\$ 4,892	\$ 950	\$ 0	\$ 10,080
Cumulative Results of Operations	20,189	5,881	166,877	0	192,947
TOTAL LIABILITIES AND NET POSITION	\$ 24,427	\$ 10,773	\$ 167,827	\$ 0	\$ 203,027
Statement of Net Cost:					
Program Costs	\$ 31,765	\$ 10,074	\$ 14,904	\$ 3,319	\$ 60,062
Less: Earned Revenue	(35,837)	(9,669)	(158)	(3,319)	(48,983)
NET COST OF OPERATIONS	\$ (4,072)	\$ 405	\$ 14,746	\$ 0	\$ 11,079
Statement of Changes in Net Position:					
Net Position, Beginning	\$ 14,358	\$ 5,640	\$ 173,740	\$ 0	\$ 193,738
Net Cost	4,072	(405)	(14,746)	0	(11,079)
Non-Exchange Revenues and Donation Receipts	0	0	8,081	0	8,081
Other Financing Sources	1,759	646	(198)	0	2,207
Change in Net Position	5,831	241	(6,863)	0	(791)
NET POSITION, ENDING	\$ 20,189	\$ 5,881	\$ 166,877	\$ 0	\$ 192,947

Fiscal data as of, and for the year ended September 30, 2014 is summarized below.

FY 2014 (Combined)	(in thousands)				
	Offsetting Collections Funds	Public Revolving Funds	Gift and TFB Funds	Copyright Licensing Expenses	Total Dedicated Collections
Balance Sheet:					
Fund Balance with Treasury	\$ 15,960	\$ 9,458	\$ 13,210	\$ 0	\$ 38,628
Investments in U.S. Treasury Securities	0	0	28,743	0	28,743
Other Assets	2,308	954	132,405	0	135,667
TOTAL ASSETS	\$ 18,268	\$ 10,412	\$ 174,358	\$ 0	\$ 203,038
Liabilities					
Liabilities	\$ 3,910	\$ 4,772	\$ 618	\$ 0	\$ 9,300
Cumulative Results of Operations	14,358	5,640	173,740	0	193,738
TOTAL LIABILITIES AND NET POSITION	\$ 18,268	\$ 10,412	\$ 174,358	\$ 0	\$ 203,038
Statement of Net Cost:					
Program Costs	\$ 30,605	\$ 9,990	\$ 13,418	\$ 3,745	\$ 57,758
Less: Earned Revenue	(32,608)	(8,906)	(153)	(3,745)	(45,412)
NET COST OF OPERATIONS	\$ (2,003)	\$ 1,084	\$ 13,265	\$ 0	\$ 12,346
Statement of Changes in Net Position:					
Net Position, Beginning	\$ 10,466	\$ 6,024	\$ 164,797	\$ 0	\$ 181,287
Net Cost	2,003	(1,084)	(13,265)	0	(12,346)
Non-Exchange Revenues and Donation Receipts	0	0	10,812	0	10,812
Other Financing Sources	1,889	700	11,396	0	13,985
Change in Net Position	3,892	(384)	8,943	0	12,451
NET POSITION, ENDING	\$ 14,358	\$ 5,640	\$ 173,740	\$ 0	\$ 193,738

NOTE 18	BUDGETARY RESOURCES
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Budgetary resources are classified as follows:

(in thousands)

	FY 2015			FY 2014		
	Appropriated Capital	Non-Appropriated Capital	Combined	Appropriated Capital	Non-Appropriated Capital	Combined
<i>Budgetary Resources:</i>						
Unobligated balance brought forward, October 1	\$ 16,335	\$ 61,113	\$ 77,448	\$ 18,674	\$ 62,502	\$ 81,176
Recoveries of prior year unpaid obligations	8,207	15,033	23,240	5,581	12,008	17,589
Other changes in unobligated balance (+ or -)	(6,399)	0	(6,399)	(6,685)	0	(6,685)
Unobligated balance from prior year budget authority, net	18,143	76,146	94,289	17,570	74,510	92,080
Appropriations (discretionary and mandatory)	590,921	19,747	610,668	578,982	12,840	591,822
Spending authority from offsetting collections (discretionary and mandatory)	1,643	144,345	145,988	1,679	145,156	146,835
TOTAL BUDGETARY RESOURCES	\$ 610,707	\$ 240,238	\$ 850,945	\$ 598,231	\$ 232,506	\$ 830,737

<i>Status of Budgetary Resources:</i>						
Obligations incurred	\$ 591,153	\$ 165,975	\$ 757,128	\$ 581,896	\$ 171,393	\$ 753,289
Unobligated balance, end of year:						
Exempt from apportionment	6,094	73,843	79,937	4,700	60,711	65,411
Unapportioned	13,460	420	13,880	11,635	402	12,037
Total unobligated balance, end of year	19,554	74,263	93,817	16,335	61,113	77,448
TOTAL BUDGETARY RESOURCES	\$ 610,707	\$ 240,238	\$ 850,945	\$ 598,231	\$ 232,506	\$ 830,737

(in thousands)

	FY 2015			FY 2014		
	Appropriated Capital	Non-Appropriated Capital	Combined	Appropriated Capital	Non-Appropriated Capital	Combined
Change in Obligated Balance:						
Unpaid obligations:						
Unpaid obligations, brought forward, October 1 (gross)	\$ 169,787	\$ 72,100	\$ 241,887	\$ 151,775	\$ 70,114	\$ 221,889
Obligations incurred	591,153	165,975	757,128	581,896	171,393	753,289
Outlays (gross) (-)	(587,285)	(160,589)	(747,874)	(558,303)	(157,399)	(715,702)
Recoveries of prior year unpaid obligations (-)	(8,207)	(15,033)	(23,240)	(5,581)	(12,008)	(17,589)
UNPAID OBLIGATIONS, END OF YEAR (GROSS)	165,448	62,453	227,901	169,787	72,100	241,887
Uncollected Payments:						
Uncollected customer payments from federal sources, brought forward, October 1 (-)	(231)	(18,718)	(18,949)	(8)	(30,801)	(30,809)
Change in uncollected customer payments from federal sources (+ or -)	8	9,141	9,149	(223)	12,083	11,860
UNCOLLECTED CUSTOMER PAYMENTS FROM FEDERAL SOURCES, END OF YEAR (-)	(223)	(9,577)	(9,800)	(231)	(18,718)	(18,949)
OBLIGATED BALANCE, START OF YEAR (NET)	169,556	53,382	222,938	151,767	39,313	191,080
OBLIGATED BALANCE, END OF YEAR (NET)	\$ 165,225	\$ 52,876	\$ 218,101	\$ 169,556	\$ 53,382	\$ 222,938

Budget Authority and Outlays, Net:						
Budget authority, gross (discretionary and mandatory)	\$ 592,564	\$ 164,092	\$ 756,656	\$ 580,661	\$ 157,996	\$ 738,657
Actual offsetting collections (discretionary and mandatory) (-)	(1,651)	(153,486)	(155,137)	(1,456)	(157,239)	(158,695)
Change in uncollected customer payments from federal sources (discretionary and mandatory) (+ or -)	8	9,141	9,149	(223)	12,083	11,860
Budget authority, net (discretionary and mandatory):	\$ 590,921	\$ 19,747	\$ 610,668	\$ 578,982	\$ 12,840	\$ 591,822

(in thousands)

	FY 2015			FY 2014		
	Appropriated Capital	Non-Appropriated Capital	Combined	Appropriated Capital	Non-Appropriated Capital	Combined
Outlays, gross (discretionary and mandatory)	\$ 587,285	\$ 160,589	\$ 747,874	\$ 558,303	\$ 157,399	\$ 715,702
Actual offsetting collections (discretionary and mandatory) (-)	(1,651)	(153,486)	(155,137)	(1,456)	(157,239)	(158,695)
Outlays, net (discretionary and mandatory)	585,634	7,103	592,737	556,847	160	557,007
Distributed offsetting receipts (-)	0	(306)	(306)	0	(1,001)	(1,001)
AGENCY OUTLAYS, NET (DISCRETIONARY AND MANDATORY)	\$ 585,634	\$ 6,797	\$ 592,431	\$ 556,847	\$ (841)	\$ 556,006

A. For TFB funds, approximately \$9.9 and \$15.3 million of unobligated authority for fiscal years 2015 and 2014, respectively, at the donor's request, is restricted from being spent on program costs (income from investing restricted donations under the Library's real rate of return policy can be spent on program costs). These amounts are invested either in the permanent loan or in Treasury securities. An additional \$58.6 and \$52.4 million of restricted authority has been obligated and expended to invest in non-Treasury securities for the fiscal years 2015 and 2014, respectively.

B. Obligated undelivered orders, end of period:

(in thousands)

	FY 2015	FY 2014
Paid	\$ 8,354	\$ 148
Unpaid	172,581	179,716
TOTAL UNDELIVERED ORDERS, END OF PERIOD	\$ 180,935	\$ 179,864

C. Obligations incurred – Amounts Exempt from Apportionment:

(in thousands)

	FY 2015	FY 2014
Direct – Appropriated	\$ 591,153	\$ 581,896
Direct – Non Appropriated	27,436	19,921
subtotal Direct obligations incurred	618,589	601,817
Reimbursable – Non Appropriated	138,539	151,472
TOTAL OBLIGATIONS INCURRED	\$ 757,128	\$ 753,289

NOTE 19	RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET	
	(in thousands)	
	FY 2015	FY 2014
RESOURCES USED TO FINANCE ACTIVITIES		
Budgetary Resources Obligated:		
Obligations Incurred	\$ 757,128	\$ 753,289
Less: Spending Authority from Offsetting Collections and Recoveries	(169,228)	(164,424)
Obligations, Net of Offsetting Collections and Recoveries	587,900	588,865
Less: Distributed Offsetting Receipts	(306)	(1,001)
Net Obligations	587,594	587,864
Other Resources:		
Donations of Property and Services	999	688
Imputed Financing from Costs Absorbed by Others	87,760	92,883
Exchange Revenue not in the Budget	204	(20)
Trust/Special Fund Exchange Revenue Receipts	(4,324)	(4,865)
Other Resources (+/-)	(3,777)	8,091
TOTAL RESOURCES USED TO FINANCE ACTIVITIES	\$ 668,456	\$ 684,641
RESOURCES USED TO FINANCE ITEMS NOT PART OF NET COST OF OPERATIONS		
Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided (+/-)	\$ 5,475	\$ (14,939)
Resources that Fund Expenses Recognized in Prior Period	(657)	(1,652)
Resources that Finance the Acquisition of Assets	(16,149)	(5,221)
Budgetary Offsetting Receipts that do not Affect Net Cost of Operations	306	1,001
Other Resources or Adjustments to Net Obligated Resources that do not Affect Net Cost of Operations (+/-)	(2,134)	(3,017)
TOTAL RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS	(13,159)	(23,828)
TOTAL RESOURCES USED TO FINANCE THE NET COST OF OPERATIONS	\$ 655,297	\$ 660,813
COMPONENTS OF THE NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT PERIOD		
Components Requiring or Generating Resources in Future Periods:		
Increase in Annual Leave Liability and Actuarial Liability	\$ 355	\$ 3
Total Components Requiring or Generating Resources in Future Periods	355	3
Components not Requiring or Generating Resources:		
Depreciation and Amortization	14,322	14,756
Revaluation of Assets or Liabilities	3,790	(7,157)
Other Costs not Requiring or Generating Budgetary Resources (+/-)	(307)	451
TOTAL COMPONENTS NOT REQUIRING OR GENERATING RESOURCES	17,805	8,050
TOTAL COMPONENTS OF THE NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT PERIOD	18,160	8,053
NET COST OF OPERATIONS	\$ 673,457	\$ 668,866

NOTE 20**Fiduciary Activity and Net Assets**

SFFAS No. 31, "Accounting for Fiduciary Activities," defines fiduciary activities as those federal government activities that relate to the collection or receipt, and the subsequent management, protection, accounting, investment and disposition of cash or other assets in which non-federal parties have an ownership interest that the federal government must uphold.

Fiduciary assets are not assets of the Library of Congress. The Library's Balance Sheet, Statement of Net Cost and Statement of Net Position do not include the results of operations and financial position of its funds identified as fiduciary activities. There is no fiduciary activity or unobligated balance reflected in the Statement of Budgetary Resources for the Copyright Licensing Fiduciary Deposit Fund.

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 cable television operators for retransmitting television and radio broadcasts, from satellite carriers for retransmitting "super station" and network signals, and from importers and manufacturers for distributing digital audio recording technologies (DART). Refunds may arise when a cable, satellite, or DART remitter inadvertently overpays or is otherwise entitled to a refund. Additional royalty fees may also be requested from the remitter when necessary. The Licensing Division invests the licensing royalty fees in market-based U.S. Treasury notes and bills. Because these investments are held in a fiduciary capacity for the copyright owners, income does not accrue to the Library's benefit.

Controversies regarding the distribution of the royalties are resolved by the Copyright Royalty Board (CRB), which is composed of three Copyright Royalty Judges and their staff. The CRB has full jurisdiction over setting royalty rates and terms and determining distributions. Decisions may be appealed to the United States Court of Appeals for the District of Columbia Circuit.

Investments - 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.

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. Fiduciary funds investment maturity dates for fiscal years 2015 and 2014 range from October 29, 2015 to August 31, 2016 and October 30, 2014 to August 31, 2015, respectively and interest rates for fiscal years 2015 and 2014 range from 0.005% to 0.5% and from 0.01% to 0.375% respectively.

Fiduciary Activity consists of the following:

	(in thousands)	
	FY 2015	FY 2014
Beginning Fiduciary Net Assets	\$ 1,144,611	\$ 834,192
Licensing Fees	311,796	316,764
Investment Earnings	856	805
Total Net Inflows to Fiduciary Net Assets	312,652	317,569
Payments to Copyright Owners	(378,356)	(2,444)
Refunds of Licensing Fees	(1,284)	(961)
Retained by Copyright Licensing for Administrative Costs	(3,319)	(3,745)
Total Outflows from Fiduciary Net Assets	(382,959)	(7,150)
Subtotal Net Fiduciary Activity	(70,307)	310,419
ENDING FIDUCIARY NET ASSETS	\$ 1,074,304	\$ 1,144,611

Net Fiduciary Assets consist of the following:

	(in thousands)	
	FY 2015	FY 2014
Fiduciary Assets		
Fiduciary Fund Balance with Treasury	\$ 1,328	\$ 1,216
Investments in U.S. Treasury Securities	1,072,900	1,143,343
Accrued interest from U.S. Treasury Securities	76	52
TOTAL FIDUCIARY NET ASSETS	\$ 1,074,304	\$ 1,144,611

NOTE 21	Incidental Custodial Collections
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Custodial collections are amounts the Library receives for remittance to the General Fund of the Treasury. The Library does not recognize revenue for these collections but transfers the funds to the Treasury. These receipts are usually immaterial and include unclaimed money or refunds, cancelled fund receivable collections, and other incidental collections.

	(in thousands)	
	FY 2015	FY 2014
Miscellaneous Cash Collections:		
Unclaimed Money, Collections of Receivables from Cancelled Accounts and General Fund Proprietary Receipts, Not Otherwise Classified:	\$ 138	\$ 2,137
Total Net Custodial Collections	138	2,137
Transferred to the General Fund of the Treasury	(138)	(2,137)
Total Net Custodial Outflows	(138)	(2,137)
NET CUSTODIAL ACTIVITY	\$ 0	\$ 0

THE LIBRARY OF CONGRESS

Management Report

Fiscal Year Ended September 30, 2015

Assessment of Condition of Heritage Assets

The Library has the largest collection in the world, including materials in over 470 languages and various media. Providing access to this collection inevitably puts it at risk and could impair the Library's ability to serve the Congress and other users in the future. However, the collection exists to be used, and management accepts the responsibility of mitigating risk to the collection at the same time it fulfills its goal of providing access to it.

As of September 30, 2015, the collection was determined to be in a useable condition for fulfilling the Library's service mission. During fiscal 2015, only a very small percentage of materials were removed from the collection because of damage caused by use and/or deterioration of the medium. The ultimate useful life of a library item varies by its medium (e.g., book, film, tape, manuscript, disk), and the manner in which it is used and stored.

The Library employs a variety of methods to prolong the useful life of its deteriorating materials, including:

- Establishment of adequate environmental storage conditions
- Use of binding or other methods to house items
- Mass deacidification of print materials
- Use of surrogates in serving the collection to the public
- Reformatting of collection items to other media

The Library has inadequate temperature and humidity control in some collection storage areas; inadequate space for appropriate storage of some collection materials; and insufficient resources for meeting all reformatting and cataloging needs. This condition cannot be fully addressed with current funds and physical plant. The move of collection materials into the storage facility at Fort Meade, Maryland, is serving to remedy many of these difficulties for books and paper-based materials, and the acquisition of the Packard Campus for Audio-Visual Conservation in Culpeper, Virginia, was a major step in the preservation of film and other media.

**Memorandum***Office of the Inspector General*

TO: David Mao
Acting Librarian of Congress
March 31, 2016

FROM: Kurt W. Hyde 
Inspector General

SUBJECT: Results of the Library of Congress
FY 2015 Financial Statements Audit

The attached report presents the results of the annual audit of the Library of Congress financial statements for fiscal years (FY) 2015 and 2014.

We contracted with the independent certified public accounting firm of CliftonLarsonAllen LLP (CLA) for the audit. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards; the Office of Management and Budget Bulletin 14-02, *Audit Requirements for Federal Financial Statements*; and the GAO/PCIE *Financial Audit Manual*.

Results of Independent Audit*Financial Statements*

For the twentieth consecutive year, we are pleased to report that the auditors issued an unmodified (clean) opinion on the Library's financial statements. In its audit, CLA found that the financial statements were fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles.

Report on Internal Controls

CLA's consideration of internal controls over financial reporting (including the safeguarding of assets) resulted in no material weaknesses or significant deficiencies.¹

¹ A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

Compliance with Laws and Regulations

CLA found no instances of noncompliance with laws and regulations tested.

Office of the Inspector General Oversight of CLA

In connection with the audit contract, the Office of the Inspector General reviewed CLA's report and related documentation and inquired of its representatives. Our review as differentiated from an audit in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on the Library's financial statements, conclusions about the effectiveness of internal controls, and compliance with laws and regulations. CLA is responsible for the attached auditor's report dated March 18, 2016 and the conclusions expressed in the report.² However, our review disclosed no instances where CLA did not comply in all material respects with generally accepted government auditing standards.

cc: Chief of Staff
Chief Operating Officer
Chief Financial Officer
General Counsel

² In accordance with generally accepted government auditing standards, CLA's report is dated as of the last day of their audit fieldwork. CLA's final report was delivered to the Office of the Inspector General on March 31, 2016.

INDEPENDENT AUDITORS' REPORT

Inspector General,
United States Library of Congress

Librarian,
United States Library of Congress

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Library management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (U.S.); this includes the design, implementation, and maintenance of internal control over financial reporting relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

INDEPENDENT AUDITORS' REPORT (Continued)

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

Opinion on the Financial Statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Library of Congress as of September 30, 2015 and 2014, and its net costs, changes in net position, and budgetary resources for the years then ended, in accordance with accounting principles generally accepted in the U.S.

Required Supplementary Information

Accounting principles generally accepted in the U.S. issued by the Federal Accounting Standards Advisory Board (FASAB) require that the Library's Management Discussion and Analysis (MD&A) and other Required Supplementary Information (RSI) on pages 1 through 29 and on page 68, respectively, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by FASAB, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A and other RSI in accordance with auditing standards generally accepted in the U.S., which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the RSI information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Internal Control over Financial Reporting and on Compliance Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control or on management's assertion on internal control included in the MD&A. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control or on management's assertion on internal control included in the MD&A.

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

INDEPENDENT AUDITORS' REPORT (Continued)

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

Report on Compliance

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

The results of our tests, disclosed no instances of noncompliance or other matters that are required to be reported in accordance with *Government Auditing Standards* or OMB Bulletin 15-02.

Management's Responsibility for Internal Control and Compliance

Management is responsible for (1) evaluating the effectiveness of internal control over financial reporting, (2) providing a statement of assurance on the overall effectiveness on internal control over financial reporting, and (3) complying with other applicable laws, regulations, contracts, and grant agreements.

Auditors' Responsibilities

We are responsible for (1) obtaining a sufficient understanding of internal control over financial reporting to plan the audit and (2) testing compliance with certain provisions of laws, regulations contracts and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

We limited our internal control testing to testing controls over financial reporting. Because of inherent limitations in internal control, misstatements due to error or fraud, losses or noncompliance may nevertheless occur and not be detected. We also caution that projecting our audit results to future periods is subject to risk that controls may become inadequate because of changes in conditions or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Library. We limited our tests of compliance to certain provisions of laws, regulations, contracts and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We caution that noncompliance may occur and not be detected by these tests and that such testing may not be sufficient for other purposes.

Purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance

The purpose of the Report on Internal Control over Financial Reporting and the Report on Compliance sections of this report is solely to describe the scope of our testing of internal control

INDEPENDENT AUDITORS' REPORT (Continued)

and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Library's internal control or on compliance. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, these reports are not suitable for any other purpose.

CliftonLarsonAllen LLP

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

Calverton, Maryland
March 18, 2016