

Library Finance Summary

December 2017 Year-End Report

Note: the discussion below refers to both the library (021) and ALP (023) Funds unless otherwise stated.

Revenue

Municipal donations in December totaled \$22.2 K. For the full year, our service area municipalities including the state and county, donated \$566.3K, which is just slightly higher than the prior year and 1.7% below budget.

Library revenue from operations during the month was \$56K, including \$48.3K in donations (all annual

appeal). **The take away item on the above table is nearly \$75,000 greater revenue due to donations and the 2 successful events.** A phenomenal year in that regard.

YTD December 2017		Combined Library + ALP			
Revenue	Actual	Budget	% Chg	2016	% Chg
Governmental revenue	\$ 566,304	\$ 576,301	-1.7%	\$ 565,287	0.2%
Library revenue	33,870	31,563	7.3%	33,277	1.8%
Donations/Grants/Misc	261,701	208,816	25.3%	186,193	40.6%
Total	\$861,876	\$816,680	5.5%	\$784,757	9.8%

Expenses

Personnel services expense this month was \$38.7K and year to date total of \$545.5K which was 3% greater than budget and 2% greater than 2016. This expense category will increase in 2018 with slightly greater total staff hours and benefit costs. **Library materials** ended the year at 12.8% of total expenses (not including capital outlay) which was 1% below budget and 20% below 2016. Interestingly enough, **Programming** costs were down 24% versus budget, yet the staff managed to increase the number of programs offered during the year. For 10 months 2017 (January and February data was not compiled at that time), the library programs averaged 55 programs per month generating an average attendance of 983 individuals per month!

YTD December 2017		Combined Library + ALP			
Expense	Actual	Budget	% Chg	2016	% Chg
Personnel	\$ 541,514	\$ 525,675	3.0%	\$ 529,681	2.2%
Materials	101,712	102,747	-1.0%	127,911	-20.5%
Facilities	55,388	68,898	-19.6%	62,570	-11.5%
Programming	25,996	34,223	-24.0%	29,308	-11.3%
Supplies	16,620	14,300	16.2%	16,940	-1.9%
All other	73,693	80,950	-9.0%	51,343	43.5%
Total	814,923	826,792	-1.4%	817,753	-0.3%
Capital Outlay	\$ 16,553	\$ 6,500	154.7%	\$ 10,168	62.8%
Expenses incl. capital Ex.	\$ 831,476	\$ 833,292	-0.2%	\$ 827,921	0.4%
Net	\$30,400	(\$16,612)	NM	(\$43,164)	NM

Of the **capital outlay** expenditures, \$11.3 K was for the continuing maintenance and renovation of the HVAC system. The remainder was typical office equipment, computers, and computer software. Total expenses, including capital outlay, ended the year slightly under budget and just slightly over 2016. The big difference in comparing 2017 over 2016 was

the much greater “All Other” category where the single largest contributor was **higher fundraising expenses in 2017 – but that investment yielded 85% greater donations versus 2016.**

Net

The “Net” (excess of revenue over expenses) ended the year at \$30,400 for the combined Library and ALP funds.

Research shows that this is the first year of a positive net since 2010 when the library literacy program benefited from over \$116,000 of state funding.

Cash Management

Refer to the table on the right. This shows the cash balances of the 3 major library funds at the end of December. **It is important to note here that the library will begin 2018 with \$141.2K of cash** (all library funds included). This is approximately 2 months of operating expenses. The Finance Committee is considering moving some of this cash back into the portfolio as since 2011, the library has sustained over \$280K of losses supplemented by withdrawals from the portfolio. It’s about time we make some of that up.

December 2017				
Fund Balances	Library (020)	CapRes (021)	ALP (023)	Total
Beg of Year Fund Balance	\$ 65,415	\$ 6,017	\$ 9,287	\$ 80,718
Chg in Cash	\$ 33,425	\$ 2,505	\$ 24,509	\$ 60,438
December 2017 Cash Balance	\$ 98,840	\$ 8,522	\$ 33,795	\$ 141,156
Beg of Year Investment Balance		\$ 2,870,272		\$ 2,870,272
Restricted Account		1,603,636		1,603,636
McMullan Account		271,497		271,497
Wellesley		1,840,464		1,840,464
Exelon Account		128,490		128,490
Current Investment Balance	\$ -	\$ 3,844,087	\$ -	\$ 3,844,087
Chg in Investment Balance	\$ -	\$ 973,815	\$ -	\$ 973,815
Total Fund Balance	\$98,840	\$3,852,608	\$33,795	\$3,985,243
<i>Last Month</i>	\$102,219	\$3,865,859	\$497	\$3,968,576
<i>Change from last month</i>	(\$3,380)	(\$13,251)	\$33,298	\$16,667

The **Capital Reserve** (021) Fund exists to manage capital campaign revenue & capitalized expenses for the library’s new building project. You will notice in the table on the next page more detailed information concerning the current status of this account. During 2017, \$136.6K was expensed to support the project. When cash is required to reimburse the Capital Reserve fund, it is withdrawn from 2 portfolio funds restricted for the new library building project. Currently, in these 2 funds there is slightly over \$1.7 million as of the end of December. Without further

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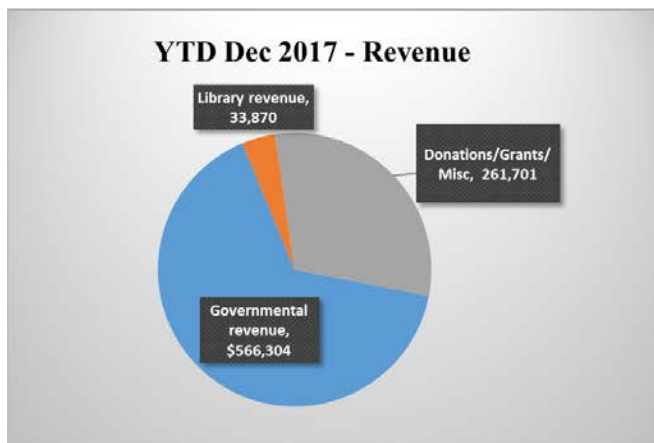
As of December 2017		Revenue and expenses for Fund 021						
Capital Reserve Fund-021		(For new library)						
	Cur. Mo.		%	YTD Bud.	% Chg	LYTD	% Chg	
Revenue								
Donations-capital campaign	\$ -	\$ 500	99%	\$ -	NM	\$ 33,006	-0.9849	
Miscellaneous revenue	4	6	1%	-	NM	3	85%	
Total Revenue	\$ 4	\$ 506	100%	\$ -	NM	\$ 33,009	-98%	
Expense								
Feasibility/Capital Campaign Consultant	\$ -	\$ 28,750	21%	\$ -	NM	\$ -	NM	
OR/CMAR	-	7,348	5%	-	NM	12,620	-42%	
Communications Consultant	-	10,000	7%	-	NM	42,500	-76%	
Architectural fees	192	48,031	35%	-	NM	-	NM	
Legal fees	11,870	36,128	26%	-	NM	10,487	244%	
Maintenance-building & grounds	225	1,125	1%	-	NM	2,085	-46%	
Miscellaneous	-	5,251	4%	-	NM	4,910	7%	
Total Expenses	\$ 12,287	\$ 136,632	100%	\$ -	NM	\$ 72,602	88%	
Current cash availability	\$ 8,522							

capital infusion, we expect this cash to last well into 2019, however, we also assume that upon the commencement of the capital campaign, this account will start to be reimbursed with capital campaign donations.

Finally, you will notice the chart on the right which summarizes the library investment portfolio activity during 2017. The transfer of cash into the portfolio of \$893,608 was the payment for the library property at the corner of Ways Lane and Baltimore Pike in December 2017. That money will be restricted for the library project. As mentioned previously, the transfer of \$140K out of the portfolio during the year was to supplement cash in the Capital Reserve account. During the year the **library portfolio earned over \$228K** in dividends, capital gains, and value from higher share pricing.

Kennett Library Investment Portfolio Year-end Summary	Restricted for:		Total
	New Building	Operations	
Beginning Balance - Jan 1 2017	\$926,495	\$1,943,777	\$2,870,272
Dividends/Capital Gains	\$32,708	\$76,879	\$109,587
+Transfer cash into portfolio	\$893,608	\$1,073	\$894,681
-Transfer cash from portfolio to library	\$140,000	\$10,000	\$150,000
Change in value due to share price	\$19,316	\$100,231	\$119,547
Ending Balance - Dec 31, 2017	\$1,732,126	\$2,111,961	\$3,844,087

William C McLachlan
Treasurer



Note: The above charts contain combined revenue and expenses of the library and ALP Funds.

See next page for details on Fund 021 (Library) & Fund 023 (Adult Literacy Program) Combined

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Kennett Library Summary Totals

As of December 2017 Funds 020 (Library) & 023 (ALP)	12	Year-to-Date Revenue and expenses					
	Cur. Mo.	YTD	%	YTD Bud.	% Chg	LYTD	% Chg
Revenue							
Governmental Donations							
State	\$ -	\$ 102,440	18%	\$ 102,440	0%	\$ 98,512	4%
County	-	80,261	14%	80,261	0%	77,167	4%
Pocopson	-	9,000	2%	8,000	13%	8,000	13%
East Marlborough	1,748	122,203	22%	130,000	-6%	121,908	0%
Kennett	-	150,300	27%	154,000	-2%	157,600	-5%
Kennett Square	9,550	38,200	7%	37,100	3%	37,100	3%
New Garden	-	15,900	3%	15,500	3%	15,500	3%
Newlin	-	10,500	2%	10,500	0%	10,500	0%
Pennsbury	8,875	35,500	6%	35,000	1%	35,500	0%
West Marlborough	2,000	2,000	0%	3,500	-43%	3,500	-43%
Total Governmental	\$ 22,173	\$ 566,304	66%	\$ 576,301	-2%	\$ 565,287	0%
Library Revenue							
Charges, Fines, Interest, Misc	\$ 2,946	\$ 33,870	11%	\$ 31,563	7%	\$ 33,277	2%
Donations, Annual Giving	\$ 48,269	175,174	59%	94,808	85%	115,119	52%
Grants	\$ 4,500	9,000	3%	69,008	-87%	27,850	-68%
Events	\$ 300	77,528	26%	45,000	72%	43,224	79%
Library	\$ 56,015	\$ 295,572	34%	\$ 240,379	23%	\$ 219,470	35%
Total Revenue	\$ 78,189	\$ 861,876	100%	\$ 816,680	6%	\$ 784,757	10%
Expense							
Personnel services	\$ 38,700	\$ 541,514	65%	\$ 525,675	3%	\$ 529,681	2%
Library Materials	\$ 14,945	101,712	12%	102,747	-1%	127,911	-20%
<i>Library Materials as % of Expenses</i>	24.6%	12.8%		12.4%		15.6%	
Professional fees	275	18,251	2%	22,000	-17%	21,954	-17%
T&E and Employee Related	1,107	8,270	1%	4,250	95%	5,337	55%
Marketing & PR	(274)	13,991	2%	34,250	-59%	11,368	23%
Programming	1,159	25,996	3%	34,223	-24%	29,308	-11%
Facilities & maintenance	2,976	55,388	7%	68,898	-20%	62,570	-11%
Fundraising	25	28,903	3%	10,350	179%	7,086	308%
<i>Fundraising exp as % of all donations, events, grants</i>	0.0%	11.0%		5.0%		3.8%	
Supplies	1,605.60	16,620	2%	14,300	16%	16,940	-2%
Miscellaneous	149.23	4,278	1%	10,100	-58%	5,598	-24%
Capital outlay	861.15	16,553	2%	6,500	155%	10,168	63%
Total Expenses	\$ 61,802	\$ 831,476	100.0%	\$ 833,292	0%	\$ 827,921	0%
Net	\$ 16,387	\$ 30,400	4%	\$ (16,612)	NM	\$ (43,164)	NM
Current Cash Availability	\$ 132,635						

End of Report