

**Kellogg-Hubbard Library**  
**Annual Financial Report FY 2017**

For FY 2017, the Kellogg-Hubbard Library (KHL) was funded primarily from three sources: 1) tax revenues from Montpelier, Berlin, Calais, East Montpelier, Middlesex and Worcester; 2) distributions from the Library's endowment, and 3) private donations. To a lesser extent, the Library receives some grants, income from fines, non-resident borrower fees and other miscellaneous revenue.

All events and fundraising efforts are being evaluated and new opportunities are being considered by our Board of Trustees. Our KHL Management Team (Executive Director Tom McKone, Director of Library Services Carolyn Brennan, and Director of Finance & Operations Jessie Lynn) work responsibly within our approved budget, adjusting spending to meet all financial demands.

After completing and receiving a clean opinion on the Library's first financial audit in many years, we continued to revise and write new policies and procedures. We also successfully bargained a new contract with unionized employees. Finally, we continued addressing some of our critical and long overdue infrastructure issues. These included: replacing our 6 heat pumps (only 3 of which still functioned) with high energy-efficient Grundfos pumps, which will provide long-term cost savings in electricity; and the long overdue refinishing and sealing of the exterior wood trim.

Restricted Donations of \$24,212 were used for numerous projects, including the purchase of a new CD/DVD buffering tool to resurface discs in-house, support for the purchase of materials to aid those with visual impairments, and support of Poem City. In addition, some very generous donors provided the funding for the installation of a new phone system, improved landscaping around our outside mouse sculpture, a landscaping plan, and the installation of a beautiful mural in the Children's Library.

Following is additional information concerning FY 2017:

**Tax Revenues**

We did not seek increased funding for FY 2017 from our member towns or from the City of Montpelier.

**Endowment Distribution**

The Board voted to withdraw an additional \$25,000 from the endowment this year (on top of usual 5%) to support additional costs related to preparation and implementation of the FY 2016 audit. Due to our operating budget being stretched with high building expenses, the withdrawal of Endowment funds became necessary.

**Fundraising**

The Library raised \$162,188 in fundraising through a combination of appeals, book sales, raffles and special events. In addition, the Library was given \$24,212 in donations for restricted

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purposes. Despite this, the Library fell short of our fundraising goal for the year, in part as the result of not yet having a viable replacement for the cancelled Century Ride.

**Fines**

The Library is working to reduce fines for patrons by implementing measures such as automatic e-mail reminders. This year we reduced our budget projections for fine income and we did not quite achieve our projection. However, we held our first May Flowers Fine Forgiveness Week, with the specific focus to clear children's accounts of fines, resulting in the clearing of 48 child accounts completely.

**Building/Occupancy**

Our beautiful and large historic building continues to challenge us financially. This year, however, we made some strides in repairing and improving the building and its systems. We continue to improve the interior assets as well, with improvements such as reupholstering our arm chairs and adding a conversation/reading area in front of the fireplace.

District Heat has continued to come in line with the original projections. Now that the necessary repairs have been made on the heating system, the Library should be able to heat the building more effectively.

**Technology**

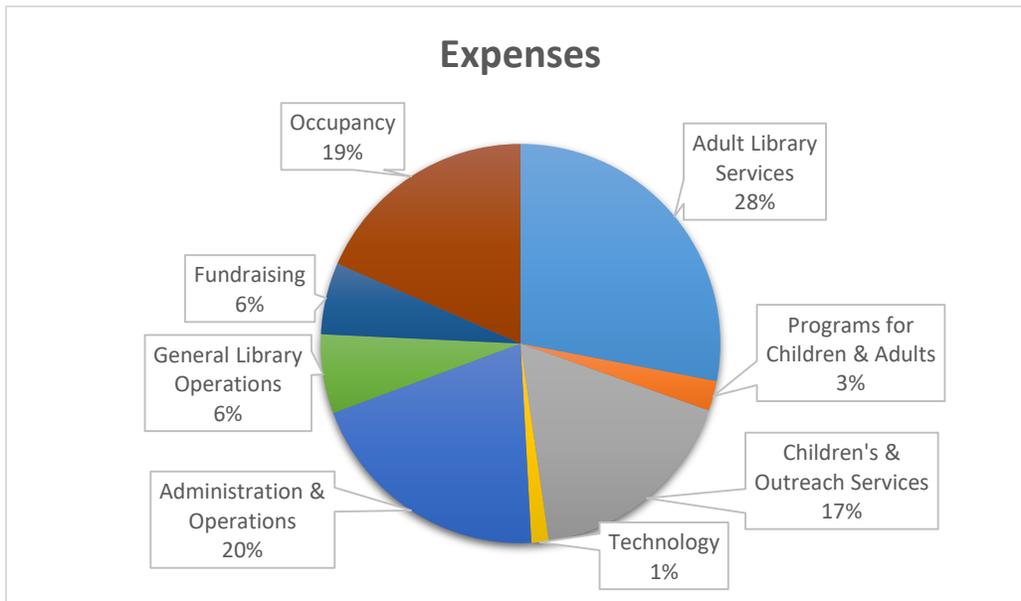
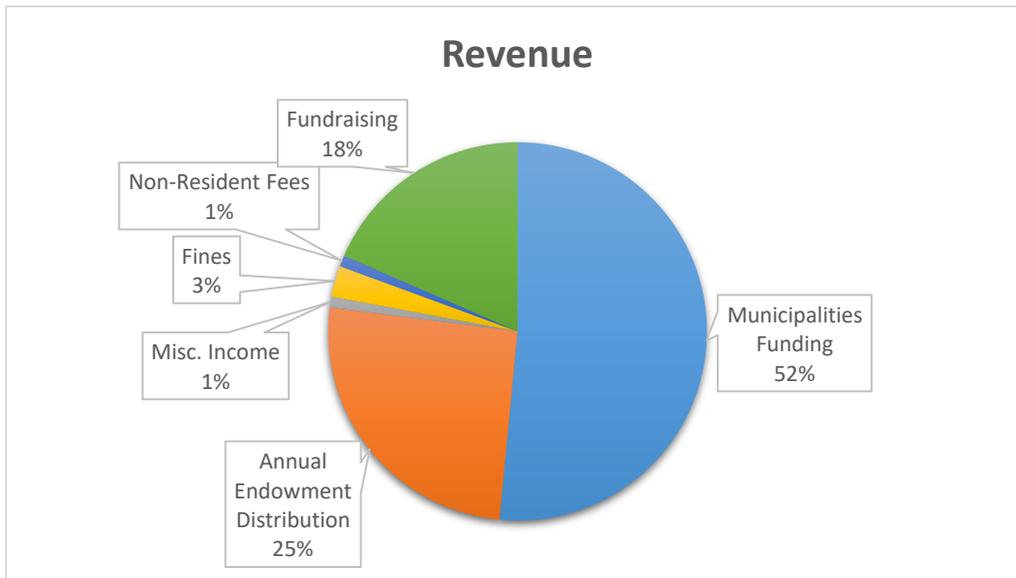
Keeping up with trends and changes in technology is very important for us. Restricted donations from generous donors made it possible for us to upgrade our phone system, and acquire new equipment for repairing damaged discs in-house as well as adding equipment for our visually impaired patrons.

**End of Year**

The Fiscal Year ended with \$28,189 less income than budgeted. Our Management Team successfully navigated this shortfall with careful monitoring and planning, delaying one planned project until after the year ended. This resulted in a \$11,174 surplus. This surplus was rolled into the Reserve for Subsequent Years and will be spent in FY 2018.

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**Graphic Representations of Revenues and Expenditures**



Once again, I wish to express what a pleasure and honor it is to serve this beloved organization as a Board Member and Treasurer. I continue to be humbled by the enthusiasm and devotion this organization, through its management staff, Trustees and employees, demonstrates in serving the City and our member towns, as a center of learning, joy and community.

Susan A. Zeller, KHL Treasurer