

**Report to the Library Board  
July 31, 2012**

**On your agenda:**

City Treasurer Dave Gawenda will be present to discuss the annual review of the M&I (BMO Harris) Account.

**2013 Operating Budget Overview**

The Mayor has asked all City agencies to submit their operating budgets at 5% less than their 2012 appropriation. For the Library, this equals a reduction of \$604,404. We will also take a 10% cut in revenues from the South Central Library System, totaling \$30,862. In addition, we no longer receive revenue from Dane County for providing walk-in service; in fact, this year we will be paying \$30,579 to the County to distribute to other Dane County libraries providing service to Madisonians. Even after major cuts, there is still a gap of \$200,000 between revenues and expenses.

Here are the numbers:

Total budgeted Revenues for 2013: \$12,768,431.42

Total budgeted Expenditures for 2013: \$12,968,431.42

In order to balance the budget, we are requesting Board approval to use \$200,000 of the Library's contingency reserve. This will bring the reserve to \$209,043.

To get to this point:

We eliminated funding for spring and fall Sunday hours at the Pinney and Sequoya branch libraries, and for fall hours at Central.

We allocated only \$800,000 to the materials budget which is the minimum expenditure amount required by the Dane County Library Standards. Failure to comply with the Standards would result in Madison residents being double-taxed for library service – once by the City and once by the County. This follows the significant cut we made to the materials budget in 2012, going from the 2011 amount of \$1,040,644 to \$806,986 – a decrease of 22.5%.

We are budgeting salaries and benefits with a 3% salary savings deduction instead of the City's standard 2%. We have taken layoffs to complete the budget reductions. These layoffs will result in significant reductions in hours and services at all our locations.

Per the City's budget process, we will present supplemental requests to you for approval and prioritization. Our budget proposal is due to the City on August 6<sup>th</sup>.

*Susan*