

Iowa City Public Library

SECTION 401: FINANCE POLICY

401.1 AUTHORITY

- A. The Library Board has final authority over all equipment and materials owned by the library and over the expenditures of all funds available to the library. See Title 11, Chapter 1 of the Iowa City Municipal Code updated July 17, 2008.

401.2 ANNUAL OPERATING BUDGET (1000/10550110 - 10550900)

- A. The Board delegates to the Library Director the responsibility for the preparation of the preliminary draft of the annual budget with necessary supporting data.
- B. The Board reviews, revises, and approves the proposed budget before it is submitted to the City Manager via the City Finance Department.
- C. The City Council approves the annual operating budget based on the City Manager's recommendations and input from the Library Board.
- D. When the budget has been approved, the Library Director is responsible for the operation of the library under the financial conditions set forth in the annual budget.
- E. To ensure ongoing monitoring of the budget and to meet requirements of the local ordinance, all disbursements must be approved by the Board and signed by the President and secretary. Disbursement lists are reviewed at monthly Board meetings. The Director shall provide at least quarterly reports to the Library Board on the status of the current year's budget.
- F. To ensure the validity of annual revenue projections submitted to the City Finance Department, all library fees and charges shall be reviewed each year from a report prepared by the Director.
- G. All balances in the Annual Operating Budget revert to the City's General Fund unless permission is granted by the Finance Department for a specific encumbered item not yet received, or for an uncompleted project. In these cases a budget amendment will be prepared.

401.3 REPORTING, BUDGETING AND EXPENDING MONIES IN LIBRARY SPECIAL FUNDS

- A. Each fiscal year's annual report will contain a balance sheet showing beginning and ending balances, receipts and expenditures by fund described in Section 401.4, 401.5, and 401.6.
- B. The Director shall prepare, and the Board shall approve a general budget plan for spending undesignated monies in the special funds described in Sections 401.4, 401.5 and 401.6 during the annual budget preparation process in September and October. Collectively these undesignated funds are known as NOBU funds (Non-Operating Budget/Undesignated).
- C. Generally, the receipts from one fiscal year will be used to fund the expenditures in the following fiscal year. If state guidelines require expenditure of funds within a fiscal year these requirements will be met.

- D. Exceptions to 401.3.C may be made with Board approval. These exceptions generally will be approved only after next year's operating and special fund budget proposals have been approved. Exceptions may complement or prepare for a project to be funded in the next fiscal year's operating budget, or they may substitute for projects which were not approved by the City Council for the following year's operating budget. Generally, this final review and approval occurs in July when balances from the previous year have been determined.
- E. Unlike the Annual Operating Budget, the balance in all Library special funds can be carried over to the next fiscal year, unless state guidelines require their expenditure.

401.4 GIFTS AND BEQUESTS FUND (1001)

- A. Gifts which are designated for the Gifts and Bequests Fund are accepted by the Library Board and deposited in that fund. Gifts to the Iowa City Public Library Friends Foundation are accepted by the Development Office and are governed by policies of the Foundation.
- B. If any gift carries a request for a restricted use on the funds which does not meet the Library's current goals and objectives, the Director shall seek the approval of the Board before accepting the gift.
- C. All gifts accepted for a special purpose shall be honored and used for these purposes. The Library will keep records to show the approximate expenditures of these restricted funds.
- D. Income from the Myron J. Walker Trust Fund is considered an undesignated gift and is deposited in sub-account 1001/10550430 of this fund after being received by the Friends Foundation.
- E. The formal accounting, reporting, and auditing for this fund will be done by the City Finance Department. The Director shall report on the activity of the Gifts and Bequests Fund at least quarterly.
- F. Because Gifts and Bequests Fund expenditures are not a part of the annual operating budget, all purchases from unrestricted funds shall receive prior approval by the Library Board, item by item or as part of the annual process described in 401.3. All expenditures from the Gifts and Bequests Fund shall be listed on the monthly disbursement list for review at monthly Board meetings and signed by Board officers .
- G. Development Office Salary Fund. (1005/10550600)

This fund is used to pay salaries and benefits of employees of the Development Office. The funds are contributed to the Gifts and Bequests Fund by the Iowa City Public Library Friends Foundation.

401.5 ENTERPRISE FUND (10550320)

- A. Accounts may be established from time to time to handle income and expenditures for items which the Library sells. Examples: photocopies, printing, supplies, book bags, etc.
- B. The City Finance Department maintains the accounts for the Enterprise fund and the Director shall report on the status of this fund at least annually.

401.6 SPECIAL PURPOSE FUNDS

- A. Jail Account. (1000/10000000/221907) The Johnson County Sheriff's Department provides these funds annually. They are used to buy materials for the Johnson County Jail.
- B. Lost and Damaged Fund. (1001/10550330) This is a revolving account for collecting fees paid for lost or damaged materials. Proceeds are used first to pay costs of collecting fines and materials from delinquent borrowers. The balance is used to replace materials, to repair or rebind damaged materials, or for any other purpose approved by the Board. See 401.3. Beginning in FY20, lost and damaged payments will be moved to the general fund to offset the loss of fine revenues. The balance will be spent on Board approved items.
- C. Equipment Replacement Fund. Money is budgeted in and transferred from the Annual Operating Budget (401.2). Income from the sale of used items and miscellaneous recycling revenue is also deposited here. It is used to replace various kinds of equipment including computer hardware and software. Current replacement fund:
 - 1. Library Replacement Reserve (account 1000/10550800);
- D. Any purchase from any of these funds for items or services not directly related to the purpose of the fund shall be approved by the Board prior to the expenditure. (See 401.3)

401.7 STATE FUNDS

- A. Reciprocal Borrowing and Interlibrary Loan Reimbursement. (1001/10550340)
 - 1. These funds are paid by the State Library to reimburse participating libraries for two different State-funded programs via annual contracts.
 - a. Reciprocal borrowing. Open Access Libraries receive reimbursement for loaning materials to cardholders from other participating libraries. The transaction rate is based on the amount of state funding and the total number of eligible transactions state-wide.
 - b. Interlibrary loans. Access Plus Libraries are reimbursed for all loans at the current rate or as funding permits.
 - 2. The funds shall be used for library materials, salaries, equipment, or for any other purpose approved by the Board. See 401.3.
 - 3. These funds are held in a reserve fund separate from the annual operating fund because State Library administrative rules require they be spent as additional monies for the library, not as a substitute for local tax monies.
- B. Enrich Iowa State Funding (1001/10550350)
 - 1. These funds are received annually from the state as direct state aid to public libraries. The amount is set by state law and is dependent on the number of libraries participating and the accreditation status of the libraries. The program is administered by the State Library.
 - 2. According to administrative guidelines, Enrich Iowa funds may not be substituted for local tax monies. State guidelines may require funds be spent on a general

purpose (e.g., technology), or within a specific time frame.

- C. Any purchase from any of these funds for items or services not directly related to the purpose of the fund shall be approved by the Board prior to the expenditure. See 401.3.

401.8 CONTRACTS FOR SERVICE

- A. Local ordinance allows the Library Board to contract with others for use of the Library. Funds from these contracts are deposited in the Library's operating budget unless otherwise established by Board policy.

401.9 GRANTS (1001/10550360)

- A. When required, applications for grants shall have the approval of the Library Board before submission.
- B. Grant funds requiring special reporting and auditing shall be placed in a distinct account as designated by the City Finance Department. Small grants which do not require extensive recordkeeping or special auditing shall be deposited in the Gifts and Bequests Fund and tracked internally by the Library.
- C. Expenditures from these accounts shall not require prior approval by the Library Board, but all expenditures shall be listed on the monthly list of disbursements.

401.10 PURCHASING POLICY

- A. The Library will follow fundamental principles of prudent procurement practices, applicable State law, and budgetary and administrative control requirements when purchases are made.
- B. Administrative purchasing policies and procedures shall be reviewed periodically by the Library Director and shall be available for examination by an auditor or by the public.
- C. Purchasing policies and procedures will be similar to City policies and procedures. The expertise and procurement resources of the Central Purchasing Division of the City Finance Department shall be used whenever appropriate.
- D. If mutually beneficial, the Library may purchase or contract services in conjunction with other governmental entities, including, but not limited to the City, another library, or a library consortium.
- E. For collection items or services purchased jointly where all parties cannot be billed separately, each entity's proportionate share will be collected and deposited in the reimbursable account (1001/10550410).

401.11 DISPOSITION OF SURPLUS PROPERTY

- A. Equipment and Furniture.
 - 1. First choice is given to other City departments. If an item has substantial value, a transfer of funds will be negotiated. Items may be donated to non-profit organizations at the discretion of the Library Director.

2. Disposition of property valued at less than \$500.
Surplus property valued at less than \$500, shall be disposed of by any of the following methods: sale at a fixed price established by the Director, sale at a public auction, resale shop, sealed bid, or given to the Friends Foundation for sale to benefit the Library.
3. Disposition of property valued at \$500 or more.
Any property with an estimated value of \$500 or more shall be disposed of by sale at public auction or sale by sealed bid.
4. The Library Board may make exceptions to this policy if they wish to sell the property to another government agency.
5. All monies received from the sale of surplus items shall be returned to the fund from which it was purchased (General Fund, Gifts and Bequests Fund, Enterprise Fund, etc.), or to the equipment replacement fund.
6. If the surplus item has not been sold after all reasonable sale efforts have been made, the Library Director may dispose of the item in the most appropriate manner.

B. Books and Other Library Materials.

1. These items shall be withdrawn from the Library's collection as outlined in the Library Board's Collection Development Policy.
2. Items will be used in outreach collections, given to local nonprofits or other libraries, sold by the Friends Foundation, or discarded. The decision on the disposal of each withdrawn item will be based on the same criteria used to sort books given to the library.
3. All monies from the sale of withdrawn library materials will go to the Friends Foundation to benefit the library.

Library Board of Trustees

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