

**City of West Liberty Public Library  
Notice and Call of Public Meeting  
West Liberty Public Library Board of Trustees  
December 20, 2023, at 7 pm:**

**West Liberty Public Library Lower-Level Meeting Room**

**That the above-mentioned governmental body will meet at the date, time, and place about set out. The tentative agenda for said meeting is as follows:**

- I. Call to Order**
- II. Approval of Agenda**
- III. Approval of Minutes**
- IV. Public Discussion**
- V. Financial Report**
- VI. Director's Report**
- VII. Announcements from Members**
  - 1. Shannon Schneider**
- VIII. Old Business**
  - 1. Trustee Recommendations**
  - 2. Interim Officer Appointment**
- IX. New Business**
  - 1. Youth Services Resignation**
  - 2. County Budget Request**
  - 3. FY25 Atalissa and Nichols Contract**
- X. Adjourn Meeting**

**Next meeting is Wednesday, January 17 at 7 pm.**

## **West Liberty Public Library Minutes**

**Date:** October 18, 2023 | **Time:** 7:00 pm

**Present at Meeting:** Library Board Members Ken Brooks, Maria Lugo, Larry Miller, Samuel Morel, and Shannon Schneider along with Library Director Allie Paarsmith and Teen Advisory Board Members Vanessa Burk and Mya Elizondo.

- I. Call to Order**
- II. Approval of Agenda:** Motion by Brooks, Second by {Member}, 4-0
- III. Approval of Minutes:** Motion by Brooks, Second by Schneider, 4-0
- IV. Public Discussion:**
  - A. None
- V. Financial Report:** Motion by Lugo, Second by Morel, 4-0
- VI. Director's Report:** Given by Paarsmith
- VII. Announcements from Members:**
  - A. None
- VIII. Old Business:**
  - A. Alcohol in the Library**
    - a. Motion by Schneider, Second by Lugo to allow alcohol on an individual basis pending board approval, 4-0
- IX. New Business:**
  - A. Preliminary Budget**
    - a. Board will table approval until the City provides actual numbers from last fiscal year.
  - B. Annual Survey Report**
  - C. Trustee Recruitment**
- X. Adjourn Meeting:** Motion by Schneider, Second by Brooks, 4-0

## **West Liberty Public Library Minutes**

**Date:** November 8, 2023 | **Time:** 7:00 pm

**Present at Meeting:** Library Board Members Richard Brand, Ken Brooks, Vanessa Espinoza, Maria Lugo, Larry Miller, and Shannon Schneider along with Teen Advisory Board Members Mya Elizondo and Vanessa Burk, Director Allie Paarsmith, City Council Liaison Josh Shiltz, City Clerk Shari Hoffert, and Deputy City Clerk Emily Reinhardt.

- I. Call to Order**
- II. Approval of Agenda:** Motion by Brooks, Second by Brand, 5-0
- III. Approval of Minutes:** Tabled until next month.
- IV. Public Discussion:**
  - A. Introduction of City Clerk Hoffert & Deputy City Clerk Reinhardt**
    - a. Introductions, discussion of financial reports, and questions from the board.
- V. Financial Report:** Motion by Brooks, Second by Lugo, 5-0
- VI. Director's Report:** Given by Paarsmith
- VII. Announcements from Members:**
  - A. None**
- VIII. Old Business:**
  - A. Space Utilization Discussion**
    - a. Look into other options of renovations including adding City Hall offices and meeting spaces.
    - b. Paarsmith will meet with Geertz and their designer to discuss options and next steps.
  - B. Trustee Recruitment**
    - a. Open board positions will be posted.
    - b. Board will discuss and recommend members at the December meeting.
- IX. New Business:**
  - A. Climate Engineers Invoice**
    - a. Motion by Brand, Second by Schneider to approve payment of the invoice, 5-0
  - B. Circulation Policy Review**
    - c. Motion by Brand, Second by Espinoza to approve changes to the Circulation Policy, 5-0
- X. Adjourn Meeting:** Motion by Brand, Second by Brooks, 5-0

# Library Director's Report

December 2023

## Agenda:

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Today, we will finalize our Trustee recommendations to the Mayor and appoint an interim Board President for January-March. We will then discuss the resignation of Kelli Brommel from her position as Youth Services Librarian, approve a County budget request, and the FY25 contracts for Atalissa and Nichols.

## Goal Progress:

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The goals set for the Director by the Board for FY24 are: Complete financials on time, create an onboarding/training procedure, and increase engagement with the Friends of the Library.

Upon writing this report, I have not completed the QuickBooks reconciliation of FY23, but I hope to have that completed before the meeting on Wednesday. City Manager Geertz and I will be working with Nick Heath in his capacity as City IT to provide me with access to the City's accounting software. I hope that it will be set up before February.

We are actively documenting procedures in the Youth Department. Kelli has been writing narratives of her duties, which will be used to create training documents for all employees. We will also be working on training documents at the in-service in January. I believe onboarding and training will be an agenda item at in-services moving forward to keep things updated, relevant, and reflective of our actual practices.

The Friends of the Library will meet in January to discuss fundraising for 2025.

## Building and Technology:

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The new chromebooks, funded by the Racial Justice Grant, are available for use within the library. We also purchased new headphones for upstairs and headphones with microphones for the gaming computers and the programming chromebooks. This should allow patrons to use Rosetta Stone's microphone features and cut down on the number of kids on speakerphone with their friends.

We have been having the usual seasonal shenanigans with our youth patrons. This year, we are having issues with fifth-graders fighting on the lawn. I will contact the new police chief as soon as he settles in to discuss options. I have encouraged the staff to ask patrons not following library policies to leave for the day, however, it is incredibly difficult to monitor the outside of the building. By the time we hear something is going on and we get outside, the participants have often dispersed.

## Staff and Volunteers:

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As stated above, Kelli Brommel has submitted her letter of resignation. Her last day will be December 29, 2023. Sergio Guerrero-Ibarra will also be resigning as of December 31, 2023. Our By-Laws do not require Board approval for hiring new employees but specify that you set the salaries and benefits for the library's personnel. This will be discussed in more detail later in the meeting.

## Collections & Materials

### FY24 Circulation

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Adult books	300	228	240	331	172								1271
Young adult books	27	13	14	19	15								88
Children's books	527	506	621	752	653								3059
DVD/Blu-ray	36	33	36	42	50								197
Audiobooks	0	3	1	0	0								4
Serials	0	0	0	0	0								0
ILL In	18	8	17	18	17								78
Other physical items	12	2	20	14	3								51
Total PHYSICAL circ	920	793	949	1176	910								4748
Circulation to Rural Muscatine County	231	156	180	394	238								1199
Circulation to Atalissa	17	16	31	32	6								102
Circulation to Nichols	11	1	2	1	6								21
Circulation to West Liberty	779	753	972	984	847								4335
Circulation to Open Access	103	132	201	158	81								675
Total circulation of Children's materials	554	530	647	783	687								3201
Bridges e-books	242	257	186	224	208								1117
Bridges downloadable videos	0	0	0	0	0								0
Bridges downloadable audios	255	250	182	201	201								1089
Bridges electronic serials	6	19	42	69	83								219
Total use of downloadable materials	503	526	410	494	492								2425
Kanopy Usage	32	48	133	135	107								455
Ebsco Usage	352	499	312	473	293								1929
Number of added registered users	25	25	22	21	8								101
Door Count	1340	n/a	2846	3068	2386								9640
Number of uses of public internet computers	222	263	370	343	242								1440

FY24 Materials:

Library Collection	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total
Books added	95	211	95	194	111								706
Books withdrawn	-16	-121	-8	-121	1								-265
Audio materials added	0	0	0	0	0								0
Audio materials withdrawn	0	0	0	0	0								0
Video materials added	51	4	4	4	0								63
Video materials withdrawn	0	-6	0	-6	0								-12
Other library materials added	0	0	0	0	15								15
Other library materials withdrawn	0	0	0	0	0								0

Programming & Outreach

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Statistics as of December 13 for FY24:

Unavailable at this time.

# DECEMBER 2023

SUN	MON	TUES	WED	THURS	FRI	SAT
<ul style="list-style-type: none"> <li>■ adult events</li> <li>■ all ages events</li> <li>■ youth events</li> </ul>					1 Family Storytime 10:00am Puzzle Club 11am	2
3	4 Fiber Arts Club 12pm	5 Self-Guided English Classes w/ Rosetta Stone 5:30pm	6 DIY Comics 3:00pm Games Club 4:30pm	7 <i>Happy Hanukkah</i> Silent Reading Club 5:30pm	8 Family Storytime 10:00am Coloring Club 11am	9
10	11	12 Celebrity Evergreens Storytime & Owls 11:30am   3:30pm Self-Guided English Classes w/ Rosetta Stone 5:30pm	13 Snowy Owl 3:00pm TAB meeting 4:30pm	14 The Page Turners book club meeting 12pm / 6pm	15 Family Storytime 10:00am Puzzle Club 11am	16
17	18 Fiber Arts Club 11am Short Stories for Busy People book club meeting 12pm / 6pm	19 Self-Guided English Classes w/ Rosetta Stone 5:30pm	20 Gifting Workshop 3:00-6:00pm board meeting 7pm	21 Silent Reading Club 5:30pm	22 <b>CLOSED</b>	23
24 <b>CLOSED</b>	25 * MERRY * CHRISTMAS	26 <b>HAPPY KWANZAA</b>	27	28	29 Family Storytime 10:00am Coloring Club 11am	
31 <b>CLOSED</b>						



# Agenda Item – Trustee Recommendations

## **CONTEXT:**

We have three applications for the West Liberty Public Library Board of Trustees, Hannah Chesmore-Potts, Sergio Guerrero-Ibarra, and Briana Harvey. To preserve gender balance, we need to recommend at least one man.

## **BUDGET IMPACT:**

There is no immediate impact, but future Trustees will help set the budget for the library in the future.

## **OPTIONS:**

1. Approve the applicants to be submitted to the Mayor for appointment.
2. Choose not to.

## **STAFF RECOMMENDATION:**

Option 1.



# Agenda Item – Interim Officer Election and Committee Appointment

## CONTEXT:

Article IV Section 1a of our by-laws state: “Officers shall be the Board president, vice president, and secretary and shall be elected at the annual meeting in March of even numbered years. Each term shall be two years. No consecutive terms in the same office are allowed. In the event an officer resigns, an election to fill the unexpired term will be held at the next regular meeting.”

Article IV Section 1b states “Board committees shall consist of the following: Personnel Committee, Budget & Finance Committee, and Public Relations Committee. The president, as needed shall appoint ad hoc committees.”

There are no procedures for officer election. The Director defers to the Board to determine how they would like to make that decision. The current president should also appoint a replacement to the Budget and Finance Committee.

## BUDGET IMPACT:

No impact.

## OUTCOMES:

1. Have a full slate of officers.
2. Have a fully appointed Budget and Finance Committee.

# Agenda Item – Youth Services Resignation

## CONTEXT:

Kelli Brommel has submitted her letter of resignation, and I accepted it. Her last day at the Library will be December 29, 2023. The by-laws do not state that the Board hires staff other than the library director but that you set the salaries and benefits for the library's personnel. I want to promote Karla Lopez to Interim Youth Services Librarian, granting her full-time benefits and her current wage of \$15/hr. This interim position would last six months, at which time Karla would either return to part-time or potentially pursue her career in healthcare. Since Karla will not have much time to accrue PTO, I recommend the promotion coming with 40 hours of PTO upfront. I have attached the current City's vacation accrual policy to clarify why I am requesting this.

We have leads on a new permanent Youth Services Librarian, which will be addressed at the January meeting.

## BUDGET IMPACT:

Kelli's salary is higher than Karla's, so the expected expenditures in Full-Time Wages will be reduced, as will the benefit lines as they are tied to employee wages.

## OPTIONS:

1. Approve the adjustments to the standard full-time benefits and \$15/hr wage for Karla Lopez
2. Approve the standard full-time benefits and \$15/hr wage for Karla Lopez.

## STAFF RECOMMENDATION:

Option 1.

## 10.1 Vacation Accrual Method

Full-time employees who have been in continuous employment inclusive from date of hire shall be entitled to vacation as indicated in the diagram below:

Term Vacation Period Payroll Bi-weekly accrual

1 year 40 hours 1.67 hours

2-5 years 80 hours 3.34 hours

6-15 years 120 hours 5.00 hours

Over 15 years 160 hours 6.67 hours

All vacation leave is accrued bi-weekly as set forth, above. Vacation leave for the City Clerk, City Treasurer and Chief of Police are determined, in advance, by the City Manager. Vacation leave for the City Manager is determined, in advance, by the City Council.

Generally a vacation week shall be equal to the hours that an employee is normally scheduled to work each week. Vacation shall not accrue while an employee is utilizing one of the following leaves for more than thirty (30) consecutive calendar days: an unpaid leave of absence; a work related injury leave for which the employee is being compensated by the City's worker's compensation insurance carrier; an unpaid disciplinary suspension.

Vacation leave shall begin accruing at the start of employment with the City. Vacation leave shall continue to accrue to an employee's credit during approved absences. An employee on a leave of absence or suspension without pay shall not accrue vacation leave.

All vacation leave is accrued bi-weekly as set forth, above. Vacation leave will be credited to an employee's accounts bi-weekly and shall be available for use as it is earned. All City employees eligible for vacation leave will be notified of available accrued annual leave on their bi-weekly payroll check. This leave accounting system shall be maintained by the Treasurer and shall be updated on a bi-weekly basis and reported on the employee's payroll stub.

# Agenda Item – FY25 County Budget Request

## CONTEXT:

Our budget request from the Mucsatine County Board of Supervisors is due tomorrow, pending board approval. I have attached that preliminary budget I developed in October, with some tweaks. I met to discuss this request with City Manager Geertz, and the status of the City budget is still very ephemeral. The Library is funded primarily by property taxes, and property taxes have drastically changed due to Iowa House File 718. I have attached three articles from the Iowa League of Cities magazine, Cityscape, for those wanting more detailed information. I have also included the Trustee Handbook chapter on budgets.

As a result, we are truly blind going into budget season until the County submits the valuations, which are not due until January 1. This means that the budget I developed in October and that I have tweaked based on the nearly audited FY23 budget, is as good as we're going to get. This is the amount of money we need to thrive. I am prepared for budget cuts, but I believe in asking for what we need, not what we expect. Typically we receive a 3% increase in the County Allocation each year, which will likely be \$17,000. I would like to ask for one third of the total library allocation for FY24 plus 3%, which is \$56,034.

## BUDGET IMPACT:

This is the amount of money we will be asking the County to allocate to the Library. It is a portion of the budget.

## OPTIONS:

1. Approve the budget request as written
2. Make suggestions to adjust the budget request
3. Ask for an extension

## STAFF RECOMMENDATION:

Option 1.

# House File 718: Analyzing the Impacts



Many cities consider this a challenging budget year amid the current financial environment and in light of multiple legislative changes. As cities jump into their budget planning for the upcoming fiscal year, a new law passed earlier this calendar year, House File 718 (HF 718), will have significant impacts.

This article will focus broadly on the longer-term impacts that this law may have on local finance. To review the basics of what was included in HF 718 and its technical impacts, see the June 2023 and August 2023 *Cityscape* magazine articles on HF 718.

## Property Tax Valuations

Year-to-year, there are many things that may impact a city's taxable valuations. The calculation of potential revenue growth limitation and reduction in Division II of HF 718 depends upon a city's non-tax increment finance (non-TIF) taxable valuation growth in a community. While planning and working on the budget, it is important to take a look at these factors.

In brief, when a city's taxable valuation grows by 3% or more, under HF 718 it will exceed one of two possible "growth tiers" that subsequently trigger a levy limit to the new adjusted combined general fund levy (CGFL). Those "growth tiers" are set at 3% (a tier II city) and 6% (a tier III city) respectively.

In simplest description, if a city's taxable valuation grows by more than 3% but less than 6%, a formula will work to reduce the new CGFL by an amount to approximately reduce its

revenue growth by 2%. Similarly, if a city's taxable valuation grows by more than 6%, the formula will reduce the new CGFL by an amount to approximately reduce its revenue growth by 3%.

The CGFL growth triggers are evaluated each year from Fiscal Year (FY) 2025-2028. Beginning with FY 2029, all cities go to a new CGFL maximum of \$8.10. Any city above that will be limited to \$8.10, and any city forced under during the fiscal year 2025-2028 period will be allowed to go back up to \$8.10 beginning in FY 2029 and forward.

However, it's important to note that the combined and eliminated general fund levies remain eliminated. Also note that in any given year from FY 2025-2028 revenue growth limitation might be at a rate of 2% or 3% for any city that falls into the tier II or III city category, likely resulting in compounding fiscal impacts over the long-term.

## *New construction*

New construction was not exempted from the taxable valuation used to calculate the new levy limit. While any new levy limit will still generate property tax revenue from newly constructed property, it will do so under a lower levy limit that the added value may have triggered. That same lower limit will be applied across all taxable property valuation in the city. New construction can be new builds, valuation added from expansions and additions, annexation, etc.

## Revaluation

Since revaluation is in odd numbered years' property tax assessments, a natural increase in property tax valuations is likely to occur in those fiscal years. This may factor into whether or not a city falls into Tiers II or III in those years.

## Allowable Growth Limitation (“Rollbacks”)

Allowable growth limitations, commonly known as rollbacks, remain in place and unchanged by the new law. Rollbacks remain an important factor that impacts the city's taxable values. Rollbacks prescribe the portion of the assessed valuation that is taxable by local governments. For example, if a rollback were set at 70%, then a property taxpayer pays tax levies applied on about 70% of the property tax assessment. Note that there may be other factors, including exemptions and credits, that still impact the tax bill.

How do rollbacks factor into the new HF 718 law? In short, they “layer.” Since the rollbacks affect the subsequent calculation for the taxable valuation, the increase or decrease in the rollback affects the taxable value. HF 718's Division II applies a formula based on the final non-TIF taxable value, so it, along with its potential to reduce city revenue growth, is impacted by the rollback trends as well.

What are the rollback trends? This is a timely question. With changing markets, the rollback can be tricky to project forward. Early estimates show the potential for significant decreases in the residential rollback. In early 2023, unofficial estimates suggested the potential for the residential rollback to decrease to around 47-48% for FY 2025. The unofficial projections over the subsequent few years were in a similar range of percentages.

Legislation passed last session also altered the residential rollback rate. Senate File 181 made an adjustment to the previously certified residential rollback that related to the change in property tax classifications (the former multi-residential property is now residential property for classification purposes). This decreased the residential rollback by about 1.84% for FY 2024. The League anticipates the release of the official FY 2025 rollback rates later this month.

What seem like small changes in rollback can have

a significant impact on city budgeting. For example, the 1.84% decrease in the residential rollback for FY 2024 applies across about \$215 billion of assessed property valuation for residential and the former multi-residential property classifications combined statewide, which reduced the taxable valuation by about \$4 billion. Of that valuation, about \$160 billion is valuation in city limits, reducing taxable valuation in cities (combined) by about \$2.9 billion. With a FY 2024 average city property tax rate of about \$13.71, the difference in the city portion of revenues related to that change would be estimated in the ballpark of \$40 million for FY 2024.

## Business Property Tax Credit Conversion to a Partial Property Tax Rollback

In the 2022 Iowa Legislative session, House File 2552 (HF 2552) passed, converting the former Business Property Tax Credit to a partial rollback applied to commercial, industrial and rail properties (business property). In brief, it applies the lower residential rollback rate to the first \$150,000 of value of a business property. The state subsequently provides up to \$125 million reimbursement for the difference in revenues for all local government tax entities combined. If the difference exceeds the \$125 million appropriation, local governments would see a reduction in taxable valuation. More details about this change can be found at [www.iowaleague.org](http://www.iowaleague.org).

This change went into effect for the FY 2024 budget year. As the rollback for residential property decreases, the revenue derived from business properties also decreases.

## Tax Increment Finance

A city's tax increment finance (TIF) use can also impact the Division II taxable valuation calculation. A city that uses less available TIF increment will see an increase in its non-TIF taxable valuation. Since this is what is used to determine the city's growth in Division II, it will also apply toward the growth tier triggers discussed above for FY 2025-2028. Similarly, if a city uses more available TIF increment, it will see a decrease in its non-TIF taxable valuation that factors into those calculations for FY 2025-2028. ➤

## < Infrastructure and Community Development

As the impact of HF 718 is realized, infrastructure and its condition will be interesting to analyze. Noting that the capital improvements levy remains, the League has heard from some members that due to anticipated reductions in revenue growth, they may not be able to pursue or may delay planned projects for a variety of reasons. Some have reported that revenue growth reduction will inhibit them from being able to meet grant matching requirements; others have indicated it will prevent them from being able to adequately plan financially for future repair and maintenance.

Further, cities could be forced to make difficult choices about community and economic development, and the potential cost associated with financing growth. Knowing that growing communities require financial considerations, planning and analysis will be required as legislative changes occur that impact city finance.

### Debt Trends and City Credit Ratings

While cities are subject to the Constitutional Debt Limit, it is reasonable to anticipate some change in debt trends related to the passage of HF 718. With a large majority of cities anticipating revenue growth reduction and constraints on their ability to levy property taxes, there may be an increase in debt levels over a longer term. Historically, a couple common categories in which cities hold outstanding debt obligation are utilities and transportation infrastructure.

Of additional concern is the potential impact that a reduction in revenue-generating potential might have on city credit ratings. In response to the changes in HF 718, some cities have already reported notification from credit rating agencies that due to a lower ability to generate stable tax revenue to repay debt into the future, or if their debt ratio must increase in order to fund projects, their credit scores may be lowered.

### Internal and External Competition

HF 718 will create competition, both internally and externally, in city budgets amid new financial restrictions. With many general fund levies eliminated, combined and limited, city projects and departments will compete even more for limited revenue funds. External competition may be created as well with

smaller cities more likely unable to retain talented staff or recruit qualified individuals. Such issues are hardly new to city governments in Iowa with so many already dealing with tight budgetary conditions, but many are concerned that additional pressures from HF 718 will exacerbate existing concerns.

### Other Budget Factors

The reality is that a cascade of factors is contributing to the fiscal stress and challenges facing cities today. It is more complex than legislative changes in isolation; but, their impact is significant. While reductions in local revenue growth is almost certain in most Iowa cities, they also face several other budgetary pressures. Market trends and inflation on the cost of goods and services, shortages and competition for labor, logistical challenges, and unpredictable construction delays and costs are a few examples of these factors. These expenses outside of a city's control are often overlooked when talking about revenue limitation. For more on this subject, see the League's City Expenses Report.

### City Engagement and Transparency

With the inclusion of a new taxpayer statement to be mailed to each property owner in Iowa, cities may see a welcome infusion of public engagement and feedback. A new public hearing will replace the old "Maximum Property Tax Levy" hearing. The time and place of this hearing will be included in the new property tax statement. This taxpayer statement public hearing must be separate and distinct from a regular city council meeting with this item as the only agenda item. It can be held the night of a regular city council meeting, however, it must be separate from the regular council meeting and can only be on the proposed property tax amount and information in the Taxpayer Statement. The subsequent public hearing on the proposed final budget cannot be held on the same date.

### Community Vitality and Quality of Life

City governments of all sizes rely on property taxes to fund necessary services in Iowa. Day-to-day operations such as filling potholes, snow removal, public safety and clean water are a few examples of



## IN DEPTH

many of the services provided. City residents, officials and stakeholders work together to determine priorities that build a city's quality of life. Cities are often considered economic engines in Iowa. When a new law like HF 718 is enacted, related changes to local fiscal conditions may suppress both economic activity and quality of life over time. These decisions may also impact a city's ability to encourage growth, citing the expense of maintaining city services over the long term.

Cities will have much to consider as they plan their upcoming budget year as local leaders consider the long-term impacts as they provide essential services and work toward the future. ●

*Erin Mullenix is the research director with the League and may be reached at (515) 244-7282 or [erinmullenix@iowaleague.org](mailto:erinmullenix@iowaleague.org).*

### Budget Workshops Introduces New Format in 2023 to Better Help Cities



As cities prepare for the Fiscal Year 2025 budget, the League is here to help with our annual Budget Workshops series. To better direct guidance to attendees, a new format will be implemented in the 2023 series that will offer three sessions designed for **advanced** city officials and another three sessions designed for **beginners**.

#### Advanced Workshops:

All workshops are from 10 a.m. - 3 p.m.

- Thursday, November 2 | Cedar Rapids
- Thursday, November 16 | West Des Moines
- Tuesday, November 21 | \*Virtual\* (Zoom)

#### Advanced Workshop Topics:

- Budget Projections & Issues
- IDOM Update/HF718 Budget Adoption and Filing Changes
- Impact of HF718 to City Budgets

### REGISTER AT [WWW.IOWALEAGUE.ORG](http://WWW.IOWALEAGUE.ORG)

Budget Workshops are primarily intended for city administrators, city clerks and finance officers, but the workshops are open to all city officials.

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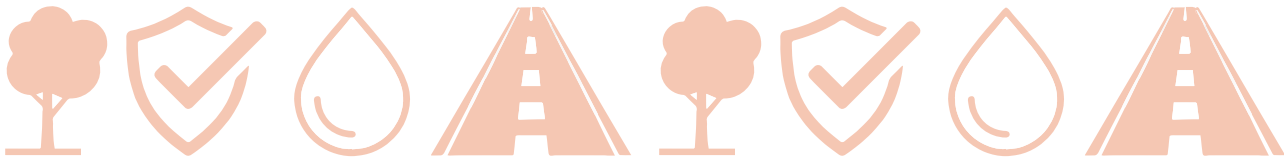
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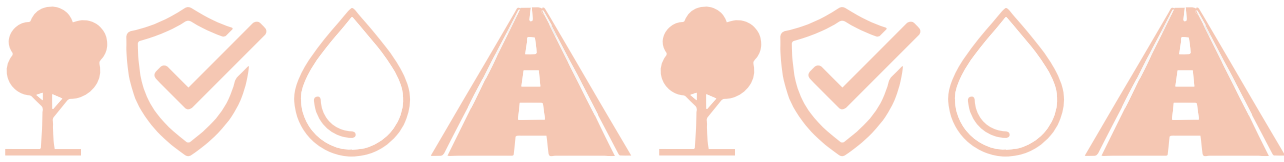
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## Impact of House File 718 on City Property Taxes



City governments provide a variety of essential services on an everyday basis – public safety, quality roads, clean water, parks and playgrounds, libraries, trails and so much more. None of those could be done well, or at all, without the support of property taxes. That inherent relationship – a town’s property owners and residents paying their fair share of taxes to support the very services they rely on throughout the year – helps form the backbone of a community.

Iowa’s property tax system is often misunderstood as several complex components that impact a property’s assessed value, taxable value, and, ultimately, tax obligation. And these factors can change from year-to-year depending on property valuations and the decisions of local elected officials. Furthermore, the Iowa Legislature has adopted several significant changes in the last few years.

This article focuses on House File 718 (HF 718), adopted late in the 2023 legislative session and signed by the Governor. The legislation will have an immediate effect as the various components and new requirements begin with the Fiscal Year (FY) 2025 budget process. As of this writing, FY 2024 is already here, and cities have begun planning for their FY 2025 budgets. The League encourages its members to access additional property tax resources at [www.iowaleague.org](http://www.iowaleague.org), which provides more details and guidance on this critical topic.

At a high level, cities need to be aware that this legislation will impact ALL cities. Some divisions will impact some communities more than others, but every city will be subject to a new budget process beginning with the upcoming FY 2025. In addition, most cities will be impacted by some or several other divisions in the bill. >

## Changes to Budget Approval and Filing Process

< HF 718 requires a new property tax statement to be mailed to all property owners each year. The mailings will be done at the county level. To facilitate these mailings, the new law requires cities to submit the below information on new Iowa Department of Management (DOM) forms by March 15, beginning with FY 2025 budgets. DOM will develop the new forms and budget system, and where noted, the DOM will provide that information to the cities to be used on the form.

- Total current year tax rate and dollars (DOM provides)
- Proposed budget year tax rate and dollars
- If there is an increase, an explanation of the reasons for the increase, detailing specific purposes or programs
- An example of the tax impact on a residential and commercial property (DOM provides)
- Percentage of current year property tax rate in relation to other levy authorities (DOM provides)
- Time, date and place of hearing on this proposal
- Requires notice be published of this public hearing in the same manner as the regular budget notice. Requires it be placed on the local government's web page and social media, including a history of all such past years' postings.

In addition, each city will be required to hold an entirely separate meeting/hearing and post notification of such. This replaces the previous "maximum property tax to levy" process. This cannot be held at the same meeting alongside the final budget hearing, nor with a regular council meeting or any other meeting. However, the Iowa Department of Management has advised that it may be held on the same date but as a separate meeting.

After the city deadline to provide this information to DOM by March 15 (annually), the county auditor is required to mail the budget statements to taxpayers by March 20. Subsequently, it extends the city budget deadline to April 30 (annually). The deadline for budget protests will be May 10, beginning in FY 2025.

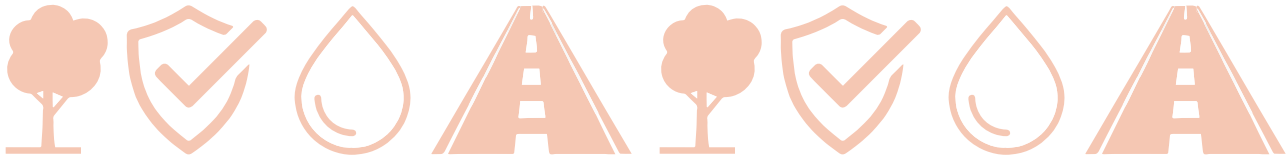
## Impacts on City General Fund Tax Rate

Division II of the new law includes the elimination of several levies previously authorized and consolidating them into a newly-defined general fund levy. Then, if non-TIF taxable valuation growth exceeds one of two triggers, the new Adjusted City General Fund Levy (ACGFL) must be reduced according to a set formula for FYs 2025-2028. Using FY 2024 as a baseline year, the following levies are consolidated:

- Regular General
- Emergency
- Contract for use of Bridge
- Rent/Insurance/Maintenance of Non-owned Civic Center
- Operation and Maintenance of Owned Civic Center
- Planning of Sanitary Disposal Project
- Levee Improvement Fund in Special Charter City
- Instrumental/Vocal Music Groups
- Memorial Building
- Symphony Orchestra
- Cultural/Scientific Facilities
- County Bridge
- Border River Bridges
- Aid to Non-Gov Transit Companies
- Maintain Gift/Devise Institution
- City EMS
- Support Public Library

Notably, several levies are outside the new ACGFL consolidation, and not subject to the changes in this division. Those include levies for debt service, pensions, employee benefits, operation and maintenance of a municipal transit system or regional transit district, aviation authority, tort and self-insurance, capital improvement reserve fund, support for a local emergency management commission, emergency services districts, and a levy to exceed a maximum amount set in Code with narrow/newly-defined parameters.

Generally, if the non-TIF taxable value exceeds 3% in any year but less than 6% from FY 2025-2028, the ACGFL levy will be reduced as a mechanism to limit



growth by about 2% from the previous year. Likewise, if the non-TIF taxable value exceeds 6% in any year, the ACGFL levy will be reduced as a mechanism to limit growth by about 3% from the previous year. If the same valuation growth is lower than 3%, no reduction formula is applied to the levy. However, if the ACGFL levy was above \$8.10 the previous year, then the previous year's ACGFL becomes the maximum for the new budget year. If the ACGFL levy was below \$8.10 the previous year, \$8.10 becomes the maximum for the new budget year.

Beginning with FY 2029, the ACGFL-reduction mechanism ceases and all cities go to a maximum ACGFL rate of \$8.10 for future years.

## Other Important Changes

- The Homestead and military credits and exemptions have been expanded. As these changes are not funded by state dollars, the city tax base will be reduced.
- New commercial property tax abatement agreements will be required to have minimum assessment agreements. For urban revitalization that includes residential, the total school rate will begin to apply to new abatement agreement applications effective for FY 2027.
- Bond elections for the purposes of indebtedness will be limited to be held only on the regular November election rate beginning FY 2024. The bond issuance notice is required to include a prescribed statement on property tax impacts on essential and general corporate purpose bonds.
- HF 718 includes a 30% increase to the limits to enter into loan agreements payable from the general fund and a 30% increase to the limits for general corporate purpose reverse referendum thresholds, beginning with FY 2025. It also adjusts related population definitions.

- Expanded reporting requirements related to debt are required on the Annual Financial Reports (AFRs).
- HF 718 requires county auditors to begin to submit a breakdown of assessed and taxable valuation annually, showing revaluation of property, new construction and other property beginning FY 2026.

As described above, many changes are upon us as we start this budget season. While cities learn more and adjust financial planning, the impacts will become clearer. It is more important than ever to continue to tell your city's story about how you use your limited resources to provide the services that are critical to everyday life in our communities. ●

*Erin Mullenix is the research director for the League and Mickey Shields is the director of membership services. They can be reached at [erinmullenix@iowaleague.org](mailto:erinmullenix@iowaleague.org) or [mickeyshields@iowaleague.org](mailto:mickeyshields@iowaleague.org).*

## Looking for more? We have you covered.

Go to [www.iowaleague.org](http://www.iowaleague.org) to learn more about HF 718 and city property taxes, which includes recorded training videos, webpages, special reports and more. Be sure to stay updated with League Weekly for announcements on additional educational sessions, including the 2023 Budget Workshops, which will be held in November.

# Summary of the New Property Tax Law - House File 718

House File 718 (HF 718) passed in 2023, with multiple areas of impact on city governments. At a high level, these include:

## Division 2:

### Consolidation of levies and creation of a newly-defined adjusted city general fund levy (ACGFL)

#### Levy limitation based on property tax valuation growth “tiers”

Division 2 creates a new combined ‘adjusted city general fund levy’ (ACGFL) that combines several current levies into one. This new ACGFL is then subject to potential limitation or reduction for Fiscal Years 25-28, depending upon the city’s non-TIF taxable valuation growth compared to the previous year. Beginning in FY 29, cities retain the new ACGFL levy, but all cities go to an \$8.10 ACGFL maximum going forward.

*(Note that those cities under \$8.10 in FY 28 will be allowed to go up to the \$8.10 maximum beginning in FY 29; those cities above the \$8.10 in FY 28 will be reduced to a maximum of \$8.10).*

The League anticipates that this division will have a significant financial impact. Please see the League’s web page for more detail and a breakdown of impacted levies. The League will continue to update the website as more information is available.

## Division 5:

### New homestead exemption for residential property owners of age 65 or more

Division 5 creates a new homestead exemption for property owners aged 65 and over, in addition to the current homestead credit. This additional exemption is \$3,250 for FY 25 and increases to \$6,500 beginning FY 26 and forward. There is no state reimbursement for the exemption created in this division, which will reduce taxable value for local government.

## Division 6:

### New military service exemption expansion

Division 6 increases the military service exemption for eligible property owners to \$4,000 beginning FY 25. The military exemption will not be funded by the state in any amount beginning FY 25 and forward. This will result in a reduction in taxable value for local governments.

## Division 7:

### Property tax abatement agreements and limits

Division 7 requires that minimum assessment agreements for commercial properties be created and agreed upon in writing with the municipality before the project is eligible for property tax abatement under a revitalization area established under Chapter 404. This applies to revitalization areas created in FY 25 and after and for first-year exemption applications in existing revitalization areas filed on or after July 1, 2024.

In addition, Division 7 prohibits property tax abatement for the school district portion of revitalization areas for residential projects established under Chapter 404, beginning with revitalization areas created in FY 25 and after, and for first-year exemption applications in existing revitalization areas filed on or after July 1, 2024.

Cities are encouraged to consult their bond counsel on the potential impact of this provision of the legislation.

## Division 8:

### Regional transit funding

Allows the city of Des Moines to go up to 7.5% franchise fees, with any portion above 5% required to be dedicated to regional transit (DART).

## Division 9:

### County auditor reports to distinguish revaluation and other additions to tax base

Beginning with assessment year 24 (AY 24 or FY 26), annual county auditor reports must distinguish such values as revaluation or other types of addition to the value within the abstract to be provided to the Iowa Department of Management.

## Division 10:

### Requires new statement to be mailed to each property owner

### Changes to the budget timelines, forms, hearings and processes

Division 10 requires that county offices mail each property taxpayer an annual statement and change the budget process and timelines. All political subdivisions, including cities, must file a report annually by **March 15** with the Iowa Department of Management (DOM) containing the information specified in HF 718 to be included in the mailings. Then, by **March 20**, annually, the county auditor must send to each property owner or taxpayer by regular mail an individual statement containing the required information. This division moves the city's budget certification deadline to **April 30**, annually, beginning with the FY 25 budget.

Division 10 requires political subdivisions to provide notice and hold a public hearing on the proposed property tax amounts for the budget year and new taxpayer statements. This is a hearing in addition to the public hearing required to approve the annual budget and must be separate from any other meeting of the governing body.

Notice of the hearing shall also be posted on all city internet sites and social media accounts beginning on the publication date and shall be maintained with all prior year notices and copies of the statements.

This division repeals Sections 331.433A and 384.15A related to the "Max Property Tax to Levy" requirements.

## Division 13:

### Single date annually for bond elections

Division 13 requires all elections on issuing bonds or other indebtedness to be held on the first Tuesday after the first Monday in November, beginning with elections occurring on or after July 1, 2023.

## Division 14:

### Bond financing and reporting requirements

Division 14 includes a 30% increase to the limits to enter into loan agreements payable from the general fund and a 30% increase for general corporate purpose reverse referendum thresholds, beginning in FY 25.

This division also adds the requirement that an estimate of the annual increase in property taxes as the result of the bond issuance of a residential property with an actual value of \$100,000 be added to the notice of proposed action to issue a bond for an essential corporate purpose.

In addition, this division adds reporting requirements to the Annual Financial Report, beginning with the December 2025 report. ●

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**More information about this bill can be found on the League's webpage, <https://iowaleague.org/resource/hf-718/>**

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*Erin Mullenix is the research director with the League and may be reached at (515) 244-7282 or [erinmullenix@iowaleague.org](mailto:erinmullenix@iowaleague.org).*



**The League will be hosting webinars on the new property tax law this summer. Watch *League Weekly* for more information.**





## Chapter 5: Approving and Monitoring the Budget

### Budgetary Powers of Library Boards

Library boards typically have a great deal of authority over the library budget. Most city-library ordinances authorize control of the library budget to the board of trustees including the authority to approve expenditures and to move funds between line items. Always refer to your own city-library ordinance to reference the board's level of authority in the budgeting process. (See **Sample City-Library Ordinance** in the **Appendix**.)

It is essential for library trustees to come to understand:

- ❖ Their budgetary powers
- ❖ The annual budget development and approval process
- ❖ Funding sources
- ❖ The level of funding needed for library operations

The library director is a partner with the library board on financial matters and is responsible for communicating operational needs and drafting a proposed budget to the board.

### City and County Funding

Both city and county support of public libraries is mandated by **Iowa Code 256.69**, which states: *"...Each city within its corporate boundaries and each county within the unincorporated area of the county shall levy a tax of at least six and three-fourths cents per thousand dollars of assessed value on the taxable property...for the purpose of providing financial support to the public library which provides library services within the respective jurisdictions."*

In other words, a tax of at least \$.0675 per \$1,000 assessed property valuation must be

levied by each county and city to provide financial support to the public library which provides them with library service. The tax of at least \$0.0675 per \$1,000 of assessed property required by the Code is an outdated and inadequate minimum. No public library in Iowa could keep its doors open if it were funded at this level. Most cities fund their libraries far above the minimum required by the Code.

In Iowa, there is a cap on the amount a city may levy for the General Fund of \$8.10 per \$1,000 of assessed property valuation. Approximately 85% of Iowa cities are at this limit and therefore, additional revenue comes only from increased valuation of property or from special levies such as the special library levy described later in this chapter.

Public libraries are also funded from the county's rural services fund which includes road clearing, weed eradication and sanitary disposal. The maximum levy for rural services is \$3.95 per \$1,000 of assessed value in the unincorporated areas.

Your library may also receive funding from nearby cities that do not have their own municipal library. To meet the requirements of **Iowa Code 256.69**, such cities are required to contract with an established library to obtain service for their residents.

Public libraries are a department of city government. In the majority of Iowa libraries, the primary source of funding is tax dollars. Therefore, boards must be accountable for the receipt and spending of funding in accordance with the Code of Iowa. Refer to the following Code chapters related to budget and finance for city governments:

**Iowa Code 384.3 GENERAL FUND:**

*All moneys received for city government purposes from taxes and other sources must be credited to the general fund of the city, except that moneys received for the purposes of the debt service fund, the trust and agency funds, the capital improvements reserve fund, the emergency fund and other funds established by state law must be deposited as otherwise required or authorized by state law. All monies received by a city from the federal government must be reported to the department of management who shall transmit a copy to the legislative services agency.*

**Iowa Code 384.20 SEPARATE ACCOUNTS:**

- 1. A city shall keep separate accounts corresponding to the programs and items in its adopted or amended budget...*
- 2. A city shall keep accounts which show an accurate and detailed statement of all public funds collected, received, or expended for any city purpose, by any city officer, employee, or other person, and which show the receipt, use, and disposition of all city property. Public monies may not be expended or encumbered except under an annual or continuing appropriation.*

## Budget Management and Oversight

Overseeing the library's budget is one of the most difficult items you will have to monitor and evaluate, but it doesn't have to be an overwhelming task. Begin your monitoring with careful attention to the budget, which is the annual financial plan for the library. The budget will be prepared by the director and staff and presented to the board for approval. When the budget is presented, ask whatever questions you find necessary to gain a reasonable understanding of this financial plan—basically, where the money is coming from and how it will be spent.

New board members should receive a thorough orientation about library finances. **Ask questions if the budget, financial reports, or audit reports are not clear to you.**

Throughout the budget process, boards and directors must have these three things well in hand. They must have the money to spend, have the authority to spend it, and be accountable for the spending.

Boards and directors need to anticipate how much money they expect to receive from all revenue sources. Even gift money and memorials have to be estimated and budgeted before the money can be spent. This all has to happen within the framework of the city's budget process. Revenue from all sources should be reflected in the library's budget documents before the board proceeds with spending.

The budget process serves three basic purposes:

- ❖ **Accountability:** As a stewardship role, trustees have a fiduciary responsibility to use public funds wisely and in compliance with applicable laws, regulations, contracts, etc. This includes spending the funds needed to provide library services to the community, planning for future needs such as equipment replacement but not hoarding funds or “saving for a rainy day.”
- ❖ **Decision-making:** Trustees need accurate, timely, and reliable information to make effective decisions.
- ❖ **Openness:** The public has a right to be informed about the financial conditions and operations of the library.

## Budget Calendar

In Iowa, the fiscal year begins on July 1 and ends on June 30.

**October to November:** Library directors draft the budget proposal and the board discusses, approves, and adopts the budget request before it is sent to city council. Items to consider when setting the budget request include:



- ❖ Reviewing the library's strategic plan
- ❖ Reviewing current spending
- ❖ Projecting anticipated expenditures
- ❖ Deciding library priorities based on the plan
- ❖ Projecting anticipated revenues

Part of the anticipated revenue includes the amount of county funding the library expects to receive from the County Supervisors.

**December to January:** Directors and boards present the budget request to city councils and county supervisors. The city sets the date and time of the budget hearings, as well as the criteria for what the presentation will include. Although library budget requests are subject to many of the same guidelines as other city departments, the city has authority to approve only the bottom line amount. Trustees have line item control and determine staff salaries and other individual parts of the budget.

**January to March:** City councils and county supervisors hold budget work sessions and adopt the final budgets. Hearings for adoption are held and the budget goes to the county auditor in March for certification.

**July 1:** The certified budget takes effect.

### Budget Process

Since library funds may not be spent except by motion of the board, the trustees need financial reports (including bills) in advance in order to be prepared to question them and vote on them at board meetings. Invoices and bills approved by the board and signed by the designated board authorities (usually the board president and secretary) are then sent to the city clerk for payment. A copy of the monthly financial report may be included with the invoices for informational purposes.

The Iowa Department of Management, the State Auditor's Office, and the Iowa League of Cities all strongly recommend that the city does the financial accounting, writes checks for the library's expenditures after authorization by the board, and submits monthly financial reports to the board. The State Library of Iowa upholds this position.

### Monitoring the Budget

While the board should delegate the power to purchase materials, supplies and other goods to the director, it should be aware of all purchases and monitor the budget monthly throughout the year. Directors should provide trustees with monthly financial reports which review:

- ❖ Current listing of bills being paid
- ❖ Month-to-date/year-to-date spending
- ❖ Budget balance remaining
- ❖ Explanation of major changes

If there are variations you don't understand, ask the library director to explain them. Depending on the information you receive, the board may need to adjust and/or amend the budget. The majority of Iowa library ordinances allow the library board the authority to shift funds from one line item to another as needed. The library may need to request an amendment to the city's certified budget as discussed below.

The library and city finance officer should monitor the library appropriation to ensure sufficient funds are available prior to board approval of library expenditures and to ensure timely amendment to the certified budget, if necessary.

### **Amending the Certified Budget**

The library may spend only the amount budgeted within one fiscal year. If the library receives additional income from any source (grants, donations, etc.) that additional income cannot be spent unless the certified budget is amended to include it. No city department, including the library, should spend more than has been budgeted for its department unless the certified budget is formally amended by the city council.

Most cities routinely amend their certified budgets; library amendments, if any, should be included. Amendments must be approved and published by city officials before May 31 of the current fiscal year, the statutory deadline for city budget amendments.

The city clerk or city budget manager should be consulted to determine the date when the library's amendments must be submitted for inclusion in the city's amendment hearing. A legal form for requesting an amendment will be provided by the city.

### **Permanent Accounts and Special Revenue Funds**

One of the biggest mistakes that library boards can make is to not have plans for unexpected funding. It is not unheard of for Iowa libraries to have funds diverted from the library to the city's General Fund because there were no plans for the funds and no encumbrances or trust accounts established.

**Iowa Code 384.3** states that *"all money received for city governmental purposes from taxes and other sources must be credited to the general fund of the city, except those monies received for the purposes of...trust and agency funds."*

Funds remaining in the library account at the end of the fiscal year will revert to the

general fund unless the city has given authority to the library board to carry over the funds in the library account or unless the funds are designated to a specific account. There are two types of accounts:

- ❖ Permanent accounts, where the library can only spend the interest generated.
- ❖ Special revenue funds, that allow the library to spend the entire amount in the account.

The basis for this change is Government Accounting Standards Board (GASB) Statement #34 from June 1999 that took effect in either 2001 or 2002, depending upon the city's level of revenue.

These account(s) may be established for funds being saved for a particular project. If there is no purpose for the account other than accumulating money, the account(s) may not be allowed. The board, working with the director, should plan for unexpected funds: Is there a need for an addition or new building for the library? Is new shelving needed? Are more computers needed? Does the library intend to automate or purchase a different automation system?

The money in these accounts:

- ❖ Will carry over from year to year until the purpose for which it was established is accomplished.
- ❖ Is not to be used for day-to-day operation of the library unless the trust provides, such as an endowment trust.
- ❖ Will not revert to the city General Fund.
- ❖ Will be expended only by a motion of the library board and only for the purpose specified in the trust, such as the "library building project."

If the library has plans for year-end funds, the board should request that the city council pass a resolution to authorize carryover of the fund balance or establish either of the above accounts. The resolution should indicate, among other things, the title of the account(s), the purpose of the account(s), and whether the interest on the fund is to be added to the account(s). The city council then passes a resolution establishing these account(s) to accumulate funds for a planned purpose or project.

**A word of caution:** Gifts and donations given to a public library must be retained and accounted for by the public library. These gifts and donations become "public funds" upon receipt by the public library and may not be simply turned over or given to another private organization such as a library foundation.

## Investments

There are several local and state restrictions on spending public money and even more restrictions on investing it. According to state law, your city must have a written investment policy in place and a designated finance officer whose responsibility it is to invest public funds according to the investment policy. Library trustees are not the city's designated finance officers, so the board cannot invest any of the library's money, even if the trustees have accepted a generous bequest.

## Petty Cash

Generally speaking, petty cash is established for the payment of relatively small purchases as postage, deliveries, or urgently needed supplies. When payment by check is not always possible or practical, a petty cash fund is established on an imprest basis to handle these small purchases. The Governmental Accounting, Auditing and Financial Reporting (GAAFR) definition of "imprest account" states in part that this is "*an account into which a fixed amount of money is placed for minor disbursements...*"

As a public agency, the library's internal control over the petty cash fund is important and should be conducted openly. The petty cash should be placed in the custody of a specific employee who is authorized to disburse the fund in accordance with stipulated restrictions as to maximum amount and purpose. The following recommendations should be considered regarding petty cash funds:

- ❖ The petty cash fund should be established by Board action. The board should approve a policy to authorize the maximum amount of the petty cash fund, the types of allowable disbursements, the method and frequency of replenishment and the authorized custodian.
- ❖ On a periodic/monthly basis, the petty cash fund should be balanced and replenished by check to the original established amount.
- ❖ All cash received or collected by the library should be recorded as a receipt and deposited in the bank. It is not acceptable to replenish petty cash with miscellaneous library receipts such as fines or copy fees.
- ❖ Petty cash funds should not be used to cash personal checks.
- ❖ Payment receipts should support petty cash payments. For example, these could include postage receipts, cash register receipts or other documentation to explain the petty cash item that was purchased or paid for.

## Gifts and Memorials

Boards and directors need to anticipate how much money they expect to receive from all funding sources. Even gift money and memorials have to be estimated and budgeted before the money can be spent. This all has to happen within the framework of the city's budget process.

## Encumbrances

An encumbrance is a purchase order or contract entered into by the library before the end of the fiscal year for goods and services not yet received. For example, new laptop computers ordered for the library in June, but not delivered until after July 1, would be an encumbered obligation. The funds set aside in the budget for the laptops would carry over to the next fiscal year because the obligation for the order was encumbered (or made) before the end of the fiscal year.

## Audits

According to the Iowa Auditor of State (August 2020): *“Cities under 2,000 population with \$1 million or more in budgeted expenditures in two consecutive years will be required to have an annual examination. Cities with budgeted expenditures of \$1 million or more in a single year will continue to be subject to a periodic examination, not an annual examination. Cities under 2,000 population with less than \$1 million of budgeted expenditures will be subject to a periodic examination to be performed at least once every eight years.”*

As part of the city’s audit, the library may be asked to provide its financial records. In cooperation with its city government, some library boards have requested an audit be done simply as a safeguard of the library’s finances. Also, a city audit may be required if federal funds in excess of \$300,000 have been disbursed or expended during the fiscal year. Be aware that sometimes the financial statements of a Friends Group or a Foundation also become part of the library’s audit process.

## Roles and Responsibilities of the Director, Board, and City

Library Director	Library Board	City Council and Mayor	City Clerk or Administrator
<p>Keeps the library board informed of library activities, needs and concerns.</p> <p>Prepares a draft budget request.</p> <p>Explains monthly library expenditures to the board.</p> <p>Provides library board with monthly financial reports.</p> <p>Informs city council, mayor, city staff about library activities, needs and concerns.</p>	<p>Stays informed about library activities, needs and concerns.</p> <p>Reviews draft budget request including line items.</p> <p>Approves final budget request based on board approved priorities.</p> <p>Supports and advocates for budget request when presented to the city.</p> <p>Approves monthly expenditures; ultimately and legally responsible for how funds are spent.</p> <p>Reviews monthly financial reports; prioritizes needs to match available funding (has authority to shift funds from one line item to another as needed).</p> <p>Informs city council, mayor, city staff about library activities needs and concerns.</p>	<p>Mayor appoints library board members with approval of city council.</p> <p>Appropriates bottom line funding for the library.</p>	<p>Pays expenditures approved by the library board.</p> <p>Provides the library with monthly reports showing paid expenditures and status of budget.</p> <p>Stays informed about library activities, needs and concerns.</p>

### Additional Sources of Funding

In addition to city and county funding (the primary source of funding for the majority of Iowa public libraries), boards should be aware of the following possible additional sources of funding.

#### ~~Special Library Levy~~

~~The special library levy (also known as the 27-cent levy) is a potential source of additional funding for public libraries allowed by Iowa Code 384.12 (2). It allows cities to levy an additional tax of up to \$0.27 per \$1,000 assessed property valuation in order to provide better library service. A petition and referendum is required to pass the levy. The levy must be passed by a simple majority in order to be enacted. The levy question is put on the ballot in regular city elections, held in odd-numbered years.~~

## State Funds

Public libraries receive state funding through the **Enrich Iowa Program**, which includes **Direct State Aid, Open Access** and **Interlibrary Loan Reimbursement**. The funding for Enrich Iowa is appropriated by the Iowa Legislature and approved by the Governor before being distributed to participating libraries by the State Library.

- ❖ **Direct State Aid** is distributed to public libraries based on meeting the standards prescribed in the **Public Library Standards**.
- ❖ **Open Access** is a reciprocal borrowing program which enables library customers from a participating library to check out materials, in person, free of charge. Libraries participating in Open Access are subsidized for each item loaned to a nonresident user. Open Access funding supplements, not replaces, local funding.
- ❖ **Interlibrary Loan Reimbursement** is a program intended to provide Iowans equal access to library resources by encouraging and supporting resource sharing among different types of libraries. The program pays a subsidy for each item loaned to eligible Iowa libraries. Interlibrary Loan Reimbursement funding supplements, not replaces, local funding.

## Federal Funds

Through the Grants to States program, the **Institute of Museum and Library Services (IMLS)** provides federal **Library Services and Technology Act (LSTA)** funds to state libraries, including the State Library of Iowa, using a population-based formula. In Iowa, LSTA funds are used primarily to support statewide programs and services such as the annual summer library program, staff and board education, statewide access to online resources, interlibrary loan network through **State of Iowa Libraries Online (SILO)**; the **Iowa Center for the Book**; **Public Library Standards** and more.

## Library-Specific Foundations

A library foundation is established to become a vehicle for gifts, bequests, memorials, fund-raisers, capital campaigns, etc. for that specific library only. Such a library foundation functions as a separate entity and can attain 501(c)(3) status from the Internal Revenue Service. Gifts to this foundation are tax deductible to the donor. One factor which makes setting up a foundation extremely attractive is that many donors, such as corporate foundations, will give only to organizations that have 501(c)(3) status.

Of course, the library board may also accept monetary gifts and bequests without establishing a foundation. In order to earmark the funds and demonstrate compliance with the terms of the gift, the board will need to ask the city to establish a library trust account. See “Trust Accounts” section for additional guidance. Gifts or donations made directly to a public library are also tax deductible. Any income the library receives directly must be reported to the city because of its responsibility to account for all income (and expenditures) as required by **Iowa Code 384.20**.

## Community Foundations

Iowa Community Foundations are tax-exempt charitable organizations created by and for Iowa communities to encourage citizens to give financially to their communities.

Community foundations:

- ❖ Are local organizations with deep roots in the community.
- ❖ Offer personalized service tailored to each individual's charitable and financial interests.
- ❖ Help people invest in the causes they care about.

Grants from the Community Foundation are available to any group within the community and libraries are eligible to apply. Find more information from [Iowa Community Foundations](#) and [Community Foundations](#) on the State Library website.

## Friends of the Library Groups

A **Friends Group** can help raise funds for special library projects. Friends groups are excellent at attracting publicity and encouraging good public relations and good will for a library. A foundation, described above, may act as a Friends Group.

The [United For Libraries](#) website from the American Library Association is a good resource for Friends groups, foundations, and trustees. Some of their material is free; some is behind a paywall requiring paid membership.

## Private Grants

Private foundations, businesses and corporations may award grants to assist local libraries with programs, services or building projects. Many times the grants are from local or regional organizations or businesses that wish to give back to their communities. The [Foundation Directory Online](#) is published yearly and is a source for private grant information.

Find more [Funding Resources](#) on the State Library website.

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***“In my view, investing in public libraries is an investment in the nation’s future...”***

Bill Gates



Agency: West Liberty Public Library

Amount Requested: \$ **56,034.00**

Address: 400 N Spencer St

West Liberty, IA 52776

Please provide base on the County's fiscal year July 1st - June 30th

<u>Expenses</u>	2022/23 Actual	2023/24 Budget	2024/25 Proposed	% of Total
Salaries-Full Time 4 FT employees	\$ 173,936.00	\$ 189,754.08	\$ 223,997.61	
Salaries-Part Time 6 PT employees	\$ 47,374.00	\$ 60,184.80	\$ 33,415.20	
Employee Benefits (Insurance/Retirement Etc.)	\$ 70,823.00	\$ 68,535.98	\$ 69,144.90	
Payroll Taxes	\$ 16,778.00	\$ 19,101.20	\$ 19,672.96	
<b>Total Personnel Expenses</b>	<b>\$ 308,911.00</b>	<b>\$ 337,576.06</b>	<b>\$ 346,230.67</b>	<b>53%</b>
Office Rent	\$ -	\$ -	\$ -	
Utilities	\$ 25,188.00	\$ 5,000.00	\$ 18,000.00	
Insurance (General/Liability/Work Comp)	\$ 3,573.00	\$ 6,200.00	\$ 6,200.00	
Professional Fees (Accounting/etc.)	\$ 4,395.00	\$ 2,100.00	\$ 3,000.00	
Supplies	\$ 12,098.00	\$ 7,000.00	\$ 13,000.00	
Communications - landline/cell/internet	\$ 2,750.00	\$ 2,500.00	\$ 2,500.00	
Postage/Shipping	\$ 526.00	\$ 200.00	\$ 700.00	
Printing/Publications	\$ 26,077.00	\$ 10,000.00	\$ 35,200.00	
Travel/Mileage	\$ -	\$ -	\$ 250.00	
Conferences & Meetings (Registration/Rooms/etc)	\$ 306.00	\$ -	\$ 1,050.00	
Dues/Memberships	\$ 440.00	\$ 175.00	\$ 735.00	
Equipment Lease/Maintenance	\$ 14,573.00	\$ 18,000.00	\$ 17,000.00	
Fundraising Expenses	\$ -	\$ -	\$ -	
Miscellaneous	\$ 90,045.00	\$ 26,000.00	\$ 210,000.00	
<b>Total Operational Expenses</b>	<b>\$ 179,971.00</b>	<b>\$ 77,175.00</b>	<b>\$ 307,635.00</b>	<b>47%</b>
Awards/Grants to other programs	N/A	N/A	N/A	
Assistance to Individuals	N/A	N/A	N/A	
<b>Total Direct Assistance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>0%</b>
<b>Total Expenses (A + B + C) = D</b>	<b>\$ 488,882.00</b>	<b>\$ 414,751.06</b>	<b>\$ 653,865.67</b>	
<b>Revenues</b>				
				<b>% of Total</b>
Muscatine County Contribution	\$ 16,000.00	\$ 16,500.00	\$ 56,034.00	<b>9%</b>
Contributions from Other Governments	\$ 381,377.00	\$ 378,563.06	\$ 396,331.67	<b>61%</b>
Contributions from Other Entities	\$ 90,000.00	\$ 18,000.00	\$ 200,000.00	<b>31%</b>
Special Events	\$ -	\$ -	\$ -	<b>0%</b>
Contract Fees	\$ -	\$ -	\$ -	<b>0%</b>
Program Services Fees	\$ -	\$ -	\$ -	<b>0%</b>
Sales	\$ -	\$ -	\$ -	<b>0%</b>
Investment Income	\$ -	\$ -	\$ -	<b>0%</b>
Miscellaneous Revenue	\$ 1,505.00	\$ 1,688.00	\$ 1,500.00	<b>0%</b>
<b>Total Revenue</b>	<b>\$ 488,882.00</b>	<b>\$ 414,751.06</b>	<b>\$ 653,865.67</b>	
<b>Beginning Balance (Cash on Hand)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Total Surplus (Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Ending Balance (Cash on Hand)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

# Agenda Item – FY25 Contracting Cities

## CONTEXT:

Our goal was to reach a \$12/capita contract rate for Atalissa and Nichols, which was achieved last year. I have updated the contract to reflect the current dates and that ongoing rate. Upon your approval, I will submit the contracts to the cities and schedule my annual reports with their councils.

## BUDGET IMPACT:

This is the amount of money we will receive from our contracting cities, Atalissa and Nichols.

## OPTIONS:

1. Approve the contracts as written
2. Request the contracts be revised by the City Attorney

## STAFF RECOMMENDATION:

Option 1.

## CONTRACT FOR LIBRARY SERVICES

This Contract for Library Services is made as of \_\_\_\_\_, 2024, between the **BOARD OF TRUSTEES OF WEST LIBERTY PUBLIC LIBRARY** (the "Library"), 400 North Spencer Street, West Liberty, IA 52776, and the **CITY OF ATALISSA, IOWA** (the City), 122 3<sup>rd</sup> Street, Atalissa, IA 52720.

### RECITALS:

A. The Library is a public library which is supported by taxes levied upon the property located within the corporate boundaries of the City of West Liberty, Iowa, pursuant to Iowa Code Section 256.69.

B. The City desires to provide on behalf of its citizens the use of the Library's facilities and materials, and the Library is willing to provide such use of its facilities and materials on the terms and conditions contained in this Contract.

**THEREFORE**, the Library and the City agree as follows:

1. The City shall appropriate funds at the rate of \$12.00 per capita of its residents for the 2024-2025 fiscal year and pay such amount to the Library **after July 1, 2024**.

2. In consideration of such payments by the City, the Library shall provide to the City's residents use of the Library's facilities and materials on the same terms and conditions as provided to the residents of West Liberty, Iowa.

3. This Contract will be renewed annually by agreement of the Library and the City. If the Library does not receive the payments as provided above, the Library may terminate this Contract by providing written notice to the City.

Signed as of the date first stated above.

CITY OF ATALISSA, IOWA

BOARD OF TRUSTEES OF  
WEST LIBERTY PUBLIC LIBRARY

By \_\_\_\_\_  
Mayor

By \_\_\_\_\_  
Chair

## CONTRACT FOR LIBRARY SERVICES

This Contract for Library Services is made as of \_\_\_\_\_, 2024, between the **BOARD OF TRUSTEES OF WEST LIBERTY PUBLIC LIBRARY** (the "Library"), 400 North Spencer Street, West Liberty, IA 52776, and the **CITY OF NICHOLS, IOWA** (the City), 4429 Ijem Ave, Nichols, IA 52766.

### RECITALS:

A. The Library is a public library which is supported by taxes levied upon the property located within the corporate boundaries of the City of West Liberty, Iowa, pursuant to Iowa Code Section 256.69.

B. The City desires to provide on behalf of its citizens the use of the Library's facilities and materials, and the Library is willing to provide such use of its facilities and materials on the terms and conditions contained in this Contract.

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Signed as of the date first stated above.

CITY OF NICHOLS, IOWA

BOARD OF TRUSTEES OF  
WEST LIBERTY PUBLIC LIBRARY

By \_\_\_\_\_  
Mayor

By \_\_\_\_\_  
Chair