

## PUBLIC OBLIGATIONS NOT PAID FOR WANT OF FUNDS

### **74.1 Applicability.**

1. This chapter applies to all warrants which are legally drawn on a public treasury, including the treasury of a city or county, and which, when presented for payment, are not paid for want of funds.
2. This chapter also applies when a municipality as defined in section 24.2, or a city or county determines that there are not or will not be sufficient funds on hand to pay the legal obligations of a fund. A municipality, city, or county may provide for the payment of such an obligation by drawing an anticipatory warrant payable to a bank or other business entity authorized by law to loan money in an amount legally available and believed to be sufficient to cover the anticipated deficiency. The duties imposed on the treasurer by this chapter may be assigned by a city council to another city officer.
3. The procedures of this chapter also apply to the issuance of anticipatory warrants by the state under section 7D.8.
4. This chapter also applies to anticipatory warrants, improvement certificates, anticipatory certificates or similar obligations payable from special assessments against benefited properties, or payable from charges, fees or other operating income from a publicly owned enterprise or utility.
5. The procedures of this chapter also apply to the issuance of warrants or the issuance of anticipatory warrants of an area education agency established under chapter 273.

[C35, § 1171-f1; C39, § **1171.11**; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, § 74.1]

83 Acts, ch 90, § 10; 83 Acts, ch 123, § 48, 209; 84 Acts, ch 1010, § 1

### **74.2 Endorsement and interest.**

If a warrant other than an anticipatory warrant is presented for payment, and is not paid for want of funds, or is only partially paid, the treasurer shall endorse the fact thereon, with the date of presentation, and sign the endorsement, and thereafter the warrant or the balance due thereon, shall bear interest at the rate specified in section 74A.2.

An anticipatory warrant issued under the authority of section 74.1, subsection 1 shall bear interest at a rate determined by the issuing governmental body, but not exceeding that permitted by chapter 74A.

[C51, § 65, 153; R60, § 86, 361; C73, § 78, 328, 1748; C97, § 104, 483, 660, 2768; S13, § 104, 483; C24, 27, 31, § 135, 4318, 5160, 5645, 7496; C35, § 1171-f2; C39, § **1171.12**; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, § 74.2]

### **74.3 Record of obligations.**

The treasurer shall keep a record of each interest-bearing obligation which shall show the number and amount, the date interest commences, the rate of interest, and the name and post-office address of the holder of the obligation.

[C51, § 66, 153; R60, § 87, 361; C73, § 79, 328; C97, § 105, 483, 660; S13, § 483; C24, 27, 31, § 136, 5160, 5646, 7496; C35, § 1171-f3; C39, § **1171.13**; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, § 74.3]

### **74.4 Assignment of obligation.**

When a nonnegotiable interest-bearing obligation is assigned or transferred, the assignee or transferee shall notify the treasurer in writing of the assignment or transfer and of the post-office address of the assignee or transferee. Upon receiving notification, the treasurer accordingly shall correct the record maintained under section 74.3 or 331.554, subsection 5, paragraph "b" as applicable.

[C24, 27, 31, § 7497; C35, § 1171-f4; C39, § **1171.14**; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, § 74.4; 82 Acts, ch 1048, § 2]

#### **74.5 Call for payment.**

When a fund contains sufficient money to pay one or more interest-bearing obligations which are outstanding against the fund, the treasurer shall call those obligations for payment. Obligations may be paid in the order of presentation. This section does not authorize a fixed-term obligation to be called at a date earlier than is provided by the conditions and terms upon which it was issued.

[C51, § 66, 153; R60, § 87, 361; C73, § 79, 328; C97, § 105, 484, 660; C24, 27, 31, § 136, 5161, 5647, 7496; C35, § 1171-f5; C39, § **1171.15**; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, § 74.5]

#### **74.6 Notice of call termination of interest.**

1. The treasurer shall make a call for payment under section 74.5 by mailing to the holder of the obligation, as shown in the records maintained under section 74.3 or 331.554, subsection 5, paragraph "b" as applicable, a notice of call which describes the obligation by number and amount, and which specifies a date not more than ten days thereafter when interest ceases to accrue on the obligation. The treasurer shall enter the date of mailing of the notice in the records maintained under section 74.3 or 331.554, subsection 5, paragraph "b" as applicable.

2. Interest on an interest-bearing obligation shall cease to accrue as of the date specified in the notice of call issued under subsection 1.

3. This section does not apply if the parties have otherwise agreed in writing.

[C51, § 66, 153; R60, § 87, 361; C73, § 79, 328; C97, § 105, 484, 660; C24, 27, 31, § 136, 5161, 5647, 7496, 7498; C35, § 1171-f6; C39, § **1171.16**; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, § 74.6; 82 Acts, ch 1048, § 3]

#### **74.7 Endorsement of interest.**

When an obligation which legally draws interest is paid, the treasurer shall endorse upon it the date of payment, and the amount of interest paid. The treasurer shall enter into the records maintained under section 74.3 or 331.554, subsection 5, paragraph "b" as applicable, the date of payment and the amount of interest paid.

[C51, § 153; R60, § 361; C73, § 328; C97, § 484, 660; C24, 27, 31, § 5161, 5646, 5648, 7496; C35, § 1171-f7; C39, § **1171.17**; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, § 74.7; 82 Acts, ch 1048, § 4]

#### **74.8 Designation of tax-exempt public warrants.**

Each public issuer of warrants may designate the warrants as tax-exempt public warrants if the issuer complies with the tax-exempt reporting requirements of the federal Internal Revenue Code.

87 Acts, ch 104, § 1

#### **74.9 Payment in case of default by school.**

In the event a school corporation which has issued anticipatory warrants fails to pay principal or interest of its anticipatory warrants when due, upon certification by the trustee or the paying agent designated pursuant to section 76.10 to the director of the department of administrative services, the director of the department of administrative services shall withhold and directly apply, from any state appropriation to which the school corporation is entitled, so much as is certified to the trustee or the paying agent to the payment of the principal and interest on the anticipatory warrants of the school corporation then due. The obligation of the director of the department of administrative services to withhold and directly apply moneys from any state appropriation to which the school corporation is entitled does not create any moral or legal obligations of the state to pay, when due, the principal and interest on the anticipatory warrants of a school corporation. All appropriations for school corporations shall be subject to the provisions of this section.

89 Acts, ch 319, §37; 2003 Acts, ch 145, §286