

384.16 City budget.

Annually, a city shall prepare and adopt a budget, and shall certify taxes as follows:

1. *a.* A budget must be prepared for at least the following fiscal year. When required by rules of the committee, a tentative budget must be prepared for one or two ensuing years. A proposed budget must show estimates of the following:

- (1) Expenditures for each program.
- (2) Income from sources other than property taxation.
- (3) Amount to be raised by property taxation, and the property tax rate expressed in dollars per one thousand dollars assessed valuation.

b. A budget must show comparisons between the estimated expenditures in each program in the following year, the latest estimated expenditures in each program in the current year, and the actual expenditures in each program from the annual report as provided in section 384.22, or as corrected by a subsequent audit report. Wherever practicable, as provided in rules of the committee, a budget must show comparisons between the levels of service provided by each program as estimated for the following year, and actual levels of service provided by each program during the two preceding years. For each city that has established an urban renewal area, the budget shall include estimated and actual tax increment financing revenues and all estimated and actual expenditures of the revenues, proceeds from debt and all estimated and actual expenditures of the debt proceeds, and identification of any entity receiving a direct payment of taxes funded by tax increment financing revenues and shall include the total amount of loans, advances, indebtedness, or bonds outstanding at the close of the most recently ended fiscal year, which qualify for payment from the special fund created in section 403.19, including interest negotiated on such loans, advances, indebtedness, or bonds. The amount of loans, advances, indebtedness, or bonds shall be listed in the aggregate for each city reporting. The city finance committee, in consultation with the department of management and the legislative services agency, shall determine reporting criteria and shall prepare a form for reports filed with the department pursuant to this section. The department shall make the information available by electronic means.

c. For purposes of this subsection, “*indebtedness*” includes written agreements whereby the city agrees to suspend, abate, exempt, rebate, refund, or reimburse property taxes, provide a grant for property taxes paid, or make a direct payment of taxes, with moneys in the special fund.

2. Not less than twenty days before the date that a budget must be certified to the county auditor and not less than ten days before the date set for the hearing, the clerk shall make available a sufficient number of copies of the detailed budget to meet the requests of taxpayers and organizations, and have them available for distribution at the offices of the mayor and clerk and at the city library, if any, or have a copy posted at one of the three places designated by ordinance for posting notices if there is no library.

3. The council shall set a time and place for public hearing on the budget before the final certification date and shall publish notice of the hearing not less than ten nor more than twenty days before the hearing in a newspaper published at least once weekly and having general circulation in the city. However, if the city has a population of two hundred or less, publication may be made by posting in three public places in the city. A summary of the proposed budget shall be included in the notice. Proof of publication must be filed with the county auditor. The department of management shall prescribe the form for the public hearing notice for use by cities.

4. At the hearing, any resident or taxpayer of the city may present to the council objections to any part of the budget for the following fiscal year or arguments in favor of any part of the budget.

5. After the hearing, the council shall adopt by resolution a budget for at least the next fiscal year, and the clerk shall certify the necessary tax levy for the next fiscal year to the county auditor and the county board of supervisors. The tax levy certified may be less than but not more than the amount estimated in the proposed budget submitted at the final hearing, unless an additional tax levy is approved at a city election. Two copies each of the detailed budget as adopted and of the tax certificate must be transmitted to the county auditor, who shall complete the certificates and transmit a copy of each to the department of management.

6. Taxes levied by a city whose budget is certified after March 15 shall be limited to the prior year's budget amount. However, this penalty may be waived by the director of the department of management if the city demonstrates that the March 15 deadline was missed because of circumstances beyond the control of the city.

7. A city that does not submit a budget in compliance with this section shall have all state funds withheld until a budget that is in compliance with this section is filed with the county auditor and subsequently received by the department of management. The department of management shall send notice to state agencies responsible for disbursement of state funds and that notice is sufficient authorization for those funds to be withheld until later notice is given by the department of management to release those funds.

[C24, 27, 31, 35, 39, §370, 375 – 378, 381, 383; C46, 50, 54, 58, 62, 66, 71, 73, §24.3, 24.9 – 24.12, 24.15, 24.17; C75, 77, 79, 81, §384.16]

97 Acts, ch 206, §19, 20, 24; 2005 Acts, ch 179, §62, 63; 2007 Acts, ch 186, §4; 2010 Acts, ch 1069, §127

Subsection 1 amended