

384.16 City budget.

Annually, a city that has satisfied the requirements of [section 384.22, subsection 3](#), and the applicable portions of [chapter 24](#), 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 reports 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.

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. Following, and not until, completion of requirements of [section 24.2A](#), 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 pursuant to [section 362.3](#) 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 and a description of the procedure for protesting the city budget under [section 384.19](#), in the form prescribed by the director of the department of management, shall be included in the notice. Proof of publication of the notice under [this subsection 3](#) 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. *a.* Taxes from a city levy may be collected for a fiscal year for which no budget has been certified, but the county shall not distribute any funds collected from the levies to the city until the city certifies its budget and transmits the certified budget to the county auditor.

b. Taxes levied by a city whose budget is certified after April 30 shall be limited to the taxes levied for the previous fiscal year subject to applicable levy rate limits in [this chapter](#). However, that amount shall not exceed the amount the city could collect based on property assessments for the fiscal year for which the city failed to certify property taxes.

c. The department of management may waive the limitation in paragraph “*b*” for a city if

the department of management finds, after a showing of evidence by the city, that failure to certify the budget by April 30 was caused by one or more of the following:

(1) A newspaper failed to publish a notice of hearing as required under [section 24.2A](#) after the city gave the newspaper sufficient time to publish the notice.

(2) A verifiable public emergency or weather-related event which forced the cancellation of a public hearing as required under [section 24.2A](#).

(3) An illness or unexpected vacancy of one or more council members caused a lack of a quorum necessary to hold a hearing as required under [section 24.2A](#).

(4) A failure of state software or a state process caused the council to miss the required date to certify the city's budget.

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; 2012 Acts, ch 1124, §10, 11; 2019 Acts, ch 165, §14, 15, 17; 2023 Acts, ch 71, §92, 93, 98; 2024 Acts, ch 1094, §41, 47; 2025 Acts, ch 130, §7](#)

Referred to in [§384.2, 384.17, 384.18, 384.22, 419.11](#)

2023 amendment to unnumbered paragraph 1 applies to political subdivision budgets for fiscal years beginning on or after July 1, 2024;

2023 Acts, ch 71, §98

2023 amendment to subsections 3, 5, and 6 applies to political subdivision budgets for fiscal years beginning on or after July 1, 2024;

2023 Acts, ch 71, §98

Subsection 3 amended