

Red Tape Review Rule Report (Due: September 1, 2025)

Department Name:	Dept. of Management	Date:	5/2/2025	Total Rule Count:	5
IAC #:	545	Chapter/ SubChapter/ Rule(s):	2	Iowa Code Section Authorizing Rule:	384
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PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

What is the intended benefit of the rule?

The rule provides basic administrative rules concerning budget amendments and rules addressing transfer of funds within a city budget.

Is the benefit being achieved? Please provide evidence.

Yes. The existing rules have not been the source of any controversy. The update to the rules is simply to clean up the rule organization and to adapt the rules to EO10 requirements.

What are the costs incurred by the public to comply with the rule?

None.

What are the costs to the agency or any other agency to implement/enforce the rule?

None.

Do the costs justify the benefits achieved? Please explain.

N/A.

Are there less restrictive alternatives to accomplish the benefit? ☐ YES ☒ NO

If YES, please list alternative(s) and provide analysis of less restrictive alternatives from other states, if applicable. If NO, please explain.

No.

Does this chapter/rule(s) contain language that is obsolete, outdated, inconsistent, redundant, or unnecessary language, including instances where rule language is duplicative of statutory language? [list chapter/rule number(s) that fall under any of the above categories]

PLEASE NOTE, THE BOXES BELOW WILL EXPAND AS YOU TYPE

Yes. The rules are being updated to clean up organization and to adapt to EO10 language requirements.

RULES PROPOSED FOR REPEAL (list rule number[s]):

The rules are being reorganized to consolidate definitions, so the rule count in chapter 2 does go down by one, but that language is just moved to Chapter 1 of the rules.

CHAPTER 2
BUDGET AMENDMENTS AND FUND TRANSFERS
~~[Prior to 11/30/88, see City Finance Committee[230] Ch 2]~~
Preamble

Consistent with home rule legislation, the city finance committee encourages as much flexibility as possible in the municipal budget administration. At the same time, it is the responsibility of the city finance committee to ~~require~~impose those procedures and processes necessary to ensure adequate notice to citizens of proposed and adopted changes in the local budget and to provide an opportunity for citizen involvement in the reallocation process.

~~545—2.1(384,388)~~ **Definitions.** The following terms when used in the rules of this part have the following meanings:

“Act” means the home rule Act, Acts of the Sixty-fourth General Assembly, chapter 1088, as amended.

“Budget amendment” means any change in the appropriations of a city’s budget after the budget has been finally adopted, and ~~that needs to be prepared and adopted as requires~~preparation and adoption as provided in Iowa Code section 384.16and is subject to protest in Iowa Code section 384.19.

If in these rules the committee has provided that amendments of certain types or up to certain amounts do ~~not need~~require preparation and adoption as provided in Iowa Code section 384.15 and are not subject to protest as provided in Iowa Code section 384.19, then these types of amendments are not considered to be budget amendments.

“Budget appropriation” means the allocation of the total appropriation to each program for the following fiscal year, as provided for by a city’s budget as finally adopted. All appropriations shall be allocated to one or more of the nine programs as defined in this rule.

Any expenditure authorized in Iowa Code sections 384.23 to 384.94 shall be deemed appropriated.

“Detailed budget” shall mean documenting revenues and transfer in by sources and funds, and documenting expenditures and transfers out by funds, functions and objects.

“Fund” means a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions~~obligations~~, or limitations.

“Fund transfer resolution” means a resolution of the city council which must be passed to allow for transfers between funds. A fund transfer resolution must be completed for all transfers between funds and must include a clear statement of reason or purpose for the transfer, the name of the fund from which the transfer is originating, the name of the fund into which the transfer is to be received, and the dollar amount to be transferred. For transfers of utility surpluses outlined in subrule 2.5(5), the calculation proving the surplus must also be shown in the resolution. Intrafund transfers do not require a fund transfer resolution. Multiple transfers between funds may be approved in one resolution, so long as each transfer’s purpose, originating fund or subfund, and receiving fund or subfund, and the amount of transferred dollars are separately identified. Fund transfer resolutions may also be included in budget or budget amendment adoption resolutions, so long as each transfer’s purpose, originating fund or subfund and receiving fund or subfund, and the amount of transferred dollars are separately identified.

“Intrafund transfer” means a transfer between accounts or subfunds within a fund.

“Program” means any one of the following nine major functions of public service that the city finance committee requires a city to use in defining the city’s program structure:

- 1. Public safety;
- 2. Public works;

- 3. Health and social services;
- 4. Culture and recreation;
- 5. Community and economic development;
- 6. General government;
- 7. Debt service;
- 8. Capital projects;
- 9. Business type activities.

“Transfers between funds” means the transfer of amounts from one fund to another fund.

[ARC 4334C, IAB 3/13/19, effective 4/17/19]

545—2.21(384,388) Appropriation of unanticipated amount. Budget amendments to the adopted city budget to permit the appropriation and expenditure of unencumbered and unanticipated balances, or amounts anticipated to be available from sources other than property taxes but which have not been appropriated in the adopted budget ~~shall~~ will be prepared as provided in Iowa Code section 384.16 and are subject to protest as provided in Iowa Code section 384.19.

All adopted budget amendments to appropriate and expend unanticipated amounts ~~must are to~~ be certified to the auditor of the county or counties where the city is located and to the director ~~of the department of management.~~

545—2.32(384,388) Transfers between programs. Except as specifically provided elsewhere in these rules, all appropriation transfers between programs are budget amendments and ~~shall~~ will be prepared as provided in Iowa Code section 384.16 and subject to protest as provided in Iowa Code section 384.19.

All adopted budget amendments to permit the transfer of adopted budget appropriations between programs ~~must are to~~ be certified to the auditor of the county or counties where the city is located and to the director of the department of management.

545—2.43(384,388) Transfers within programs. Transfers within programs are not budget amendments within the meaning of Iowa Code section 348.18. It is the responsibility of the governing body of each city to provide its own written rules for transfers within programs.

545—2.54(384,388) Fund transfers.

2.54(1) General provisions. All transfers of moneys between funds found in the city budget forms ~~must will~~ be approved by a fund transfer resolution. Transfers between funds in one program are types of amendments that ~~do are not require~~ subject to preparation and adoption as provided in Iowa Code section 384.16 and are not subject to protest as provided in Iowa Code section 384.19, but such transfers ~~must will~~ comply with the state laws regarding the funds and the following subrules:

2.54(2) Debt service fund. Except where specifically ~~not allowed under prohibited by~~ prohibited by state law, moneys may be transferred from any other city fund to the debt service fund to meet outstanding principal and interest. Such transfers ~~must are to~~ be authorized by the original budget or a budget amendment ~~which that~~ has been adopted as provided in Iowa Code section 384.16 and subject to protest as provided in Iowa Code section 384.19.

2.54(3) Capital improvements reserve fund. Except where specifically ~~prohibited not allowed under by~~ prohibited by state law, moneys may be transferred from any city fund to the capital improvements reserve fund for purposes specified in Iowa Code section 384.7. Such transfers ~~must are to~~ be authorized by the original budget or a budget amendment ~~which has been~~ adopted as provided in Iowa Code section 384.16 and subject to protest as provided in Iowa Code section 384.19.

2.54(4) City utility fund and city enterprise fund. Any governing body of a city utility, combined utility system, city enterprise, or combined city enterprise ~~which that~~ has a surplus in its fund may transfer such surpluses to any other city fund, except the emergency fund, by resolution of the appropriate governing body. For the purposes of this subrule:

a. A surplus may exist only after all required transfers have been made to any restricted accounts in accordance with the terms and provisions of any revenue bonds or loan agreements relating to the utility or enterprise fund.

b. A surplus ~~shall be~~ is defined as the cash balance in the operating account or the unrestricted net position calculated in accordance with GAAP, after adding back the net pension and other post employment benefits liabilities and the related deferred inflows of resources and deducting the related deferred outflows of resources, in excess of:

(1) The amount of the expenses of disbursements for operating and maintaining the utility or enterprise for the preceding three months, and

(2) The amount necessary to make all required transfers to restricted accounts for the succeeding three months.

[**ARC 2811C**, IAB 11/9/16, effective 12/14/16; **ARC 4334C**, IAB 3/13/19, effective 4/17/19]

These rules are intended to implement Iowa Code chapters 384 and 388.

~~5~~[Filed 11/4/74]

~~[Amendment filed 10/10/75, Notice 8/25/75 — published 10/20/75, effective 11/24/75]~~

~~[Filed emergency 12/23/83 after Notice of 10/26/83 — published 1/18/84, effective 12/23/83]~~

~~[Filed 11/3/88, Notice 5/4/88 — published 11/30/88, effective 1/4/89]~~

~~[Filed emergency 10/2/02 — published 10/30/02, effective 1/1/03]~~

~~[Filed ARC 2811C (Notice ARC 2687C, IAB 8/31/16), IAB 11/9/16, effective 12/14/16]~~

~~[Filed ARC 4334C (Notice ARC 4234C, IAB 1/16/19), IAB 3/13/19, effective 4/17/19]~~

****For rules being re-promulgated with changes, you may attach a document with suggested changes.***

METRICS

Total number of rules repealed:	1
Proposed word count reduction after repeal and/or re-promulgation	531
Proposed number of restrictive terms eliminated after repeal and/or re-promulgation	25

ARE THERE ANY STATUTORY CHANGES YOU WOULD RECOMMEND INCLUDING CODIFYING ANY RULES?

No.