



[HF 757](#) – Auditor Examination Fees for Cities (LSB2766HZ)
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Fiscal Note Version – New

Description

[House File 757](#) raises the \$375,000 cap on total periodic examination fees collected by the Auditor of State to \$550,000.

Background

Iowa Code section [11.6\(1\)\(a\)](#) requires the Auditor of State to examine the financial condition and transactions of every Iowa city “having a population of less than two thousand and budgeted gross expenditures of less than \$1.9 million in a fiscal year” at least once during an eight-year period at a time determined by the Auditor of State. Fees to perform the examinations are set in [81 IAC 21.2\(2\)](#) and are based on a sliding scale dependent on the city’s budgeted gross expenditures. The periodic fee schedule was created based on an estimate that each examination would cost approximately \$3,000. **Table 1** below shows the current fee schedule and revenue collected from the current program.

Table 1
HF 757 — Current Fees Collected Under 81 IAC 21.2(2)

Budgeted Expenditures	Number of Cities	Fee	Total Collected
Under \$50,000	120	\$ 100	\$ 12,000
At least \$50,000 but less than \$300,000	241	\$ 475	\$ 114,475
At least \$300,000 but less than \$600,000	121	\$ 900	\$ 108,900
\$600,000 or more	120	\$ 1,200	\$ 144,000
Total Fees Collected		\$	\$ 379,375

Assumptions

The current average cost of an examination is approximately \$3,900, and 53.0% of cities have required a follow-up examination within two years of the original examination to ensure cities are able to implement changes recommended in the examination. The average cost of a follow-up examination is \$1,900. The total projected cost of the program for FY 2019 is \$505,000 and is expected to increase in subsequent fiscal years.

Fiscal Impact

[House File 757](#) does not have an inherent fiscal impact, but instead raises the cap on total fees collected under [81 IAC 21.2\(2\)](#). Under this Bill, the administrative rules could be changed to allow an increase of no more than \$175,000 in the fees collected from small cities in Iowa.

Sources

Office of the Auditor of State

/s/ Holly M. Lyons

April 18, 2019

The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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