

**House File 2524 - Introduced**

HOUSE FILE 2524  
BY WULF

**A BILL FOR**

1 An Act relating to city finances.

2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. Section 11.6, subsection 1, paragraph a,  
2 subparagraph (1), Code 2026, is amended to read as follows:

3 (1) Except for entities organized under chapter 28E having  
4 gross receipts of one hundred thousand dollars or less in a  
5 fiscal year, the financial condition and transactions of all  
6 government subdivisions shall be audited annually, except that  
7 cities having a population of less than two thousand and budgeted  
8 gross expenditures of one million dollars or more in a fiscal  
9 year shall be subject to a ~~required fiscal year examination~~ an  
10 audit for that fiscal year according to procedures established by  
11 the office of auditor of state, and cities having a population  
12 of less than two thousand and budgeted gross expenditures of  
13 less than one million dollars in a fiscal year shall be subject  
14 to ~~periodic examination by the auditor of state according to~~  
15 ~~procedures established by the auditor of state, and may be~~  
16 ~~examined as otherwise provided in this section. However, a~~  
17 ~~city having a population of less than two thousand and budgeted~~  
18 ~~gross expenditures of one million dollars or more in a fiscal~~  
19 ~~year shall not be subject to a required fiscal year examination~~  
20 ~~until the city has two consecutive years of budgeted gross~~  
21 ~~expenditures of one million dollars or more in both fiscal years,~~  
22 ~~and such examination shall be conducted during the second of such~~  
23 ~~fiscal years. A city meeting the requirements for a periodic~~  
24 ~~examination shall be subject to an examination under this section~~  
25 ~~at least once during an eight-year period at a time determined by~~  
26 ~~the auditor of state~~ an audit at least once every five years.  
27 The audit of school districts shall include an audit of all  
28 school funds including categorical funding provided by the state,  
29 the certified annual financial report, the certified enrollment  
30 as provided in section 257.6, supplementary weighting as provided  
31 in section 257.11, the revenues and expenditures of any nonprofit  
32 school organization established pursuant to section 279.62, and  
33 entrepreneurial education funds established pursuant to section  
34 298A.15. Differences in certified enrollment shall be reported  
35 to the department of management. The audit of school districts

1 shall include at a minimum a determination that the laws of  
2 the state are being followed, that categorical funding is not  
3 used to supplant other funding except as otherwise provided,  
4 that supplementary weighting is pursuant to an eligible sharing  
5 condition, and that postsecondary courses provided in accordance  
6 with section 257.11 and chapter 261E supplement, rather than  
7 supplant, school district courses. The audit of a city that owns  
8 or operates a municipal utility providing local exchange services  
9 pursuant to chapter 476 shall include performing tests of the  
10 city's compliance with section 388.10. The audit of a city that  
11 owns or operates a municipal utility providing telecommunications  
12 services pursuant to section 388.10 shall include performing  
13 tests of the city's compliance with section 388.10.

14 Sec. 2. Section 372.13, subsection 6, Code 2026, is amended  
15 to read as follows:

16 6. Within fifteen days following a regular or special meeting  
17 of the council, the clerk shall cause the minutes of the  
18 proceedings of the council, including the total expenditure from  
19 each city fund, to be delivered to a newspaper of general  
20 circulation in the city for publication. The publication shall  
21 include a list of all claims allowed and a summary of all  
22 receipts and shall show the gross amount of the claims. The  
23 list of claims allowed shall show the name of the person  
24 or firm making the claim, the reason for the claim, and the  
25 amount of the claim. If the reason for the claims is the  
26 same, two or more claims made by the same vendor, supplier, or  
27 claimant may be consolidated if the number of claims consolidated  
28 and the total consolidated claim amount are listed in the  
29 statement. However, the city shall provide at its office upon  
30 request an unconsolidated list of all claims allowed. Matters  
31 discussed in closed session pursuant to section 21.3 shall not  
32 be published until entered on the public minutes. For cities  
33 with a population of less than two thousand, the requirement  
34 to provide a list of all claims allowed includes the full  
35 detailed statement of expenditures from any city-owned credit and

1 debit cards. However, in cities having more than one hundred  
2 fifty thousand population, the council shall each month print  
3 in pamphlet form a detailed itemized statement of all receipts  
4 and disbursements of the city, and a summary of its proceedings  
5 during the preceding month, and furnish copies to the city  
6 library, the daily newspapers of the city, and to persons who  
7 apply at the office of the city clerk, and the pamphlet shall  
8 constitute publication as required. Failure by the clerk to  
9 make publication is a simple misdemeanor. The provisions of  
10 this subsection are applicable in cities in which a newspaper is  
11 published, or in cities of two hundred population or over, but in  
12 all other cities, posting the statement in three public places in  
13 the city ~~which~~ that have been permanently designated by ordinance  
14 is sufficient compliance with this subsection.

15 EXPLANATION

16 The inclusion of this explanation does not constitute agreement with  
17 the explanation's substance by the members of the general assembly.

18 This bill relates to city finances.

19 Under current law, all government subdivisions are subject to  
20 a fiscal year examination annually, with exceptions for certain  
21 entities and cities. Such examination checks the financial  
22 condition and transactions of the government subdivisions.  
23 Cities with a population of less than 2,000 and budgeted gross  
24 expenditures of less than \$1 million in a fiscal year are subject  
25 to periodic examination by the auditor. A city with a population  
26 of less than 2,000 and budgeted gross expenditures of \$1 million  
27 or more in a fiscal year shall not be subject to a required  
28 fiscal year examination until the city has two consecutive years  
29 of budgeted gross expenditures of \$1 million or more in both  
30 fiscal years, and such examination shall be conducted during the  
31 second of such fiscal years. A city meeting the requirements  
32 for a periodic examination shall be subject to an examination at  
33 least once during an eight-year period at a time determined by  
34 the auditor of state.

35 The bill removes the fiscal year examination provisions, and

1 instead requires an audit. The bill also modifies the schedule  
2 for the smaller cities. All cities with a population of less  
3 than 2,000 and budgeted gross expenditures of less than \$1  
4 million in a fiscal year are subject to an audit at least once  
5 every five years.

6 Under current law, city clerks must publish minutes from city  
7 council meetings. Within 15 days of a city council meeting,  
8 the clerk must publish the minutes of the proceedings, including  
9 the total expenditure from each city fund, to be delivered to  
10 a newspaper of general circulation in the city for publication.  
11 The publication shall include a list of all claims allowed and a  
12 summary of all receipts and shall show the gross amount of the  
13 claims. The bill adds, that for cities with a population of less  
14 than 2,000, this requirement includes the full detailed statement  
15 of expenditures from any city-owned credit and debit cards.