

## LEGISLATIVE BILL 183

Approved by the Governor June 3, 1987

Introduced by Warner, 25

AN ACT relating to the Auditor of Public Accounts; to amend section 23-905, Reissue Revised Statutes of Nebraska, 1943, and sections 23-252, 23-923, 23-1608, 79-2210.04, and 84-304, Revised Statutes Supplement, 1986; to require political subdivisions to pay the cost of certain audits; to provide powers and duties for the Auditor of Public Accounts; to require certain matters to be included in budget statements; to provide for annual audits as prescribed; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 23-252, Revised Statutes Supplement, 1986, be amended to read as follows:

23-252. In each town, the clerk, the treasurer, and the chairperson of the board shall examine the accounts of the overseers of highways for money received and disbursed by them and shall require all officers to account to such board for any and all such money received and disbursed by such officers in their official capacity. Such board shall examine and audit all charges and claims against the town and the compensation of all town officers. In case of the absence of any of such officers or their failure to attend any meeting of the board, the two attending may appoint any qualified elector to act with them in the place of the absentee, and the appointee shall act, only for such meeting, in the place of such absentee as a member of such board. Each township shall make an annual budget statement as set out in sections 23-921 to 23-933 the Nebraska Budget Act. ~~The~~ At its expense, the county board may require an audit of the accounts of any township within the county, whenever in its judgment such audit is necessary. The county board may contract with the Auditor of Public Accounts or select a licensed public accountant or certified public accountant or firm of such accountants to conduct the audit. The original copy of the audit shall be filed in the office of the Auditor of Public Accounts.

Sec. 2. That section 23-905, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

23-905. The form of the county budget and the form of the budget document, as required by ~~sections 23-901 to 23-920~~ the County Budget Act of 1937, shall be formulated by the Auditor of Public Accounts and the Attorney General. The Auditor of Public Accounts shall draft ~~said the~~ forms and act in an advisory capacity in the preparation of the budget and may authorize the use of computer equipment and processing in the preparation of the budget. He or she shall transmit copies of the same forms to the county clerk of each county in the state on or before June 1 of each year. The budget document form shall include such estimate blanks for the various offices and departments of the county and such other additional forms as ~~said officers the Auditor of Public Accounts or the Attorney General~~ shall deem necessary in the computation and preparation of the county budget. The expense of printing and transmitting the required copies to the counties by the Auditor of Public Accounts shall be borne by the state and included in the proper appropriation.

Sec. 3. That section 23-923, Revised Statutes Supplement, 1986, be amended to read as follows:

23-923. (1) Each governing body shall prepare in writing and file with its secretary or clerk, in the year of its organization and each year thereafter, not later than the first day of August of each year on forms prescribed and furnished by the auditor following consultation with representatives of such governing bodies or as otherwise authorized by state law, a proposed budget statement containing the following information, except as provided by state law:

{1} (a) For the immediate two prior fiscal years, the revenue from all sources, other than revenue received from taxation, allocated to each of the several funds and separately stated as to each such source, and for each fund: The unencumbered cash balance of such fund at the beginning and end of the year; the amount received by taxation allocated to each fund; and the amount of actual expenditure for each fund;

{2} (b) For the current fiscal year, actual and estimated revenue from all sources, allocated to each of the several funds and separately stated as to each such source, and for each fund: The actual unencumbered cash balance available for such fund at the beginning of the year; the amount received from taxation allocated to each fund; and the amount of actual and

estimated expenditure, whichever is applicable. Such statement shall contain the cash reserve for each such fund for each fiscal year and shall note whether or not such reserve is encumbered. Such cash reserve projections shall be based upon the actual experience of prior years. The cash reserve shall not exceed fifty per cent of the total budget adopted for such fund, exclusive of capital outlay items;

(3) (c) For the immediately ensuing fiscal year, an estimate of revenue from all sources, other than revenue to be received from taxation, separately stated as to each such source, to be allocated to each of the several funds, and for each fund the actual or estimated unencumbered cash balances, whichever is applicable, to be available at the beginning of the year, amounts proposed to be expended during the year plus the amount of cash reserve, based on actual experience of prior years, which cash reserve shall not exceed fifty per cent of the total budget adopted, exclusive of capital outlay items; and

(4) (d) A uniform summary of the proposed budget statement which shall include a separate total for each fund and a grand total of all funds maintained by the governing body.

(2) The actual or estimated unencumbered cash balance of each fund required to be included in the budget statement by this section shall include bank deposits and investments of the political subdivision as well as any funds held by the county treasurer for the political subdivision and shall be accurately stated on the proposed budget statement.

(3) The political subdivision shall correct any material errors in the budget statement detected by the Auditor of Public Accounts or by other sources.

Sec. 4. That section 23-1608, Revised Statutes Supplement, 1986, be amended to read as follows:

23-1608. An examination Each county board shall cause an examination and a complete and comprehensive annual audit to be made of the books, accounts, records, and affairs of all county officers in every the county, in the state and a complete and comprehensive audit of the books, accounts, records, and affairs of all county officials in each county. The audits shall be conducted annually, except that the Auditor of Public Accounts may determine an audit of less frequency to be appropriate but not less than once in any three-year period. shall be made annually. Each county board may contract with the Auditor of Public

Accounts or select a licensed public accountant or certified public accountant or firm of such accountants to conduct the examination and audit and shall be responsible for the cost of the audit pursuant to the contract. The original copy of the audit shall be filed in the office of the Auditor of Public Accounts.

Sec. 5. That section 79-2210.04, Revised Statutes Supplement, 1986, be amended to read as follows:

79-2210.04. A The board of each educational service unit shall cause a complete and comprehensive annual audit to be made of the books, accounts, records, and affairs of each the educational service unit. The audits shall be conducted annually, except that the Auditor of Public Accounts may determine an audit of less frequency to be appropriate but not less than once in any three-year period. shall be made annually. The board of each educational service unit may contract with the Auditor of Public Accounts or select a licensed public accountant or certified public accountant or firm of such accountants to conduct the audit and shall be responsible for the cost of the audit pursuant to the contract. Such audit shall be conducted in the same manner as audits of county officers. The original copy of the audit shall be filed in the office of the Auditor of Public Accounts.

Sec. 6. That section 84-304, Revised Statutes Supplement, 1986, be amended to read as follows:

84-304. It shall be the duty of the Auditor of Public Accounts:

(1) To give information in writing to the Legislature, whenever required, upon any subject relating to the fiscal affairs of the state or in regard to any duty of his or her office;

(2) To furnish offices for himself or herself and all fuel, lights, books, blanks, forms, paper, and stationery required for the proper discharge of the duties of his or her office;

(3)(a) To examine or cause to be examined, at such time as he or she shall determine, books, accounts, vouchers, records, and expenditures of all state officers, state bureaus, state boards, state commissioners, state library, societies and associations supported by the state, state institutions, state colleges, and the University of Nebraska, except when required to be performed by other officers or persons, (b) to examine or cause to be examined, at the expense of the political subdivision, when the Auditor of Public Accounts determines such examination necessary or when

requested by the political subdivision, the books, accounts, vouchers, records, and expenditures of an agricultural association formed under Chapter 2, article 20, county agricultural society, joint airport authority formed under Chapter 3, article 7, city or county airport authority, council of government, drainage district, fire protection district, health district, historical society, hospital authority or district, county hospital, housing authority, irrigation district, regional, county, or municipal library, community mental health center, railroad transportation safety district, rural water district, or township or the Wyuka Cemetery, and (c) to report promptly to the Director of Administrative Services and the appropriate standing committee of the Legislature the fiscal condition shown by such examinations, including any irregularities or misconduct of officers or employees, any misappropriation or misuse of public funds or property, and any improper system or method of bookkeeping or condition of accounts. ~~The~~ ~~and to this end~~ the Auditor of Public Accounts shall appoint two assistant deputies ~~(a)~~ (i) whose entire time shall be devoted to the service of the state as directed by the auditor, ~~(b)~~ (ii) who shall be certified public accountants with at least five years' experience, ~~(iii)~~ ~~(e)~~ who shall be selected without regard to party affiliation or to place of residence at the time of appointment, ~~(d)~~ (iv) who shall promptly report in duplicate to the auditor the fiscal condition shown by each examination, including any irregularities or misconduct of officers or employees, any misappropriation or misuse of public funds or property, and any improper system or method of bookkeeping or condition of accounts, and it shall be the duty of the auditor to file promptly with the Governor a duplicate of such report, and ~~(e)~~ (v) who shall qualify by taking an oath which shall be filed in the office of the Secretary of State; and

(4) Conduct audits and related activities for state agencies, political subdivisions of this state, or grantees of federal funds disbursed by a receiving agency on a contractual or other basis for reimbursement to assure proper accounting by all such agencies, political subdivisions, and grantees for funds appropriated by the Legislature and federal funds disbursed by any receiving agency. The Auditor of Public Accounts may contract with any ~~county or educational service unit for the performance of an~~ political subdivision to perform the audit of such political subdivision required by or provided for in

section 23-1608 or 79-2210.04 or this section and charge the political subdivision for conducting the audit. The fees charged by the auditor for conducting audits on a contractual basis shall be in an amount sufficient to pay the cost of the audit. The auditor shall deposit the receipts fees remitted to the auditor for such audits and services shall be deposited in the Auditor of Public Accounts Cash Fund. The fees charged by the auditor for conducting audits on a contractual basis shall be in an amount sufficient to pay the costs of the audit.

Sec. 7. That original section 23-905, Reissue Revised Statutes of Nebraska, 1943, and sections 23-252, 23-923, 23-1608, 79-2210.04, and 84-304, Revised Statutes Supplement, 1986, are repealed.

Sec. 8. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.