

LEGISLATIVE BILL 781

Approved by the Governor August 15, 2020

Introduced by Stinner, 48.

A BILL FOR AN ACT relating to government; to amend sections 14-553, 15-317, and 23-1601, Reissue Revised Statutes of Nebraska, sections 17-605, 17-606, and 23-1605, Revised Statutes Cumulative Supplement, 2018, and sections 16-318 and 84-304, Revised Statutes Supplement, 2019; to provide an annual continuing education requirement for treasurers of certain local governments; to change and eliminate provisions relating to tabulated statements by county treasurers; to provide a duty for the Auditor of Public Accounts as prescribed; to harmonize provisions; to provide operative dates; to repeal the original sections; to outright repeal sections 23-1606 and 23-1607, Reissue Revised Statutes of Nebraska; and to declare an emergency.

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

Section 1. Section 14-553, Reissue Revised Statutes of Nebraska, is amended to read:

14-553 (1) The city treasurer of a city of the metropolitan class shall be a member of the finance department of such city and shall give bond or evidence of equivalent insurance in an amount as required by the finance director of such city. The treasurer shall be liable for the safekeeping and proper disbursement of all funds and money of the city collected or received by him or her. He or she shall keep his or her books and accounts in such manner as to show the amount of money collected by him or her from all sources, the condition of each fund into which the same has been placed, and the items of disbursement thereof.

(2) The city treasurer shall annually complete continuing education through a program approved by the Auditor of Public Accounts, and proof of completion of such program shall be submitted to the Auditor of Public Accounts.

Sec. 2. Section 15-317, Reissue Revised Statutes of Nebraska, is amended to read:

15-317 (1) The treasurer shall be required to give a bond or evidence of equivalent insurance of not less than one hundred fifty thousand dollars or he or she may be required to give a bond or evidence of equivalent insurance double the sum of money estimated by the council to be at any time in his or her hands belonging to the city and school districts, and he or she shall be the custodian of all money belonging to the city and all securities belonging or to be held by the city. He or she shall keep a separate account of each fund or appropriation and debits and credits belonging thereto. He or she shall give every person paying money into the treasury a receipt therefor, specifying the date of payment and on what account paid, and he or she shall also file copies of receipts with his or her monthly report. He or she shall monthly and as often as required render to the city council an account under oath showing the state of the treasury at that date, the amount of money remaining in each fund, the amount paid therefrom, and the balance of money in the treasury. He or she shall also accompany such accounts with a statement of all receipts and disbursements, together with all warrants redeemed and paid by him or her, which warrants, together with any and all vouchers held by him or her, shall be filed in the clerk's office, and if he or she neglects or fails for thirty days from the end of any month to enter such accounts, his or her office may by resolution of the mayor and council be declared vacant, and the mayor with the concurrence of the council shall fill the vacancy by appointment until the next election of the city officers. The treasurer may employ and appoint a deputy and an assistant or assistants as determined by ordinance. The treasurer shall be liable upon his or her official bond for the acts of such appointees.

(2) The treasurer shall annually complete continuing education through a program approved by the Auditor of Public Accounts, and proof of completion of such program shall be submitted to the Auditor of Public Accounts.

Sec. 3. Section 16-318, Revised Statutes Supplement, 2019, is amended to read:

16-318 (1) The city treasurer of a city of the first class shall be required to give bond or evidence of equivalent insurance of not less than twenty-five thousand dollars, or he or she may be required to give bond in double the sum of money estimated by the city council at any time to be in his or her hands belonging to the city. The city treasurer shall be the custodian of all money belonging to the city. The city council shall pay the actual premium of the bond or insurance coverage of such treasurer.

(2) The city treasurer of a city of the first class shall keep a separate account of each fund or appropriation and the debts and credits belonging thereto. He or she shall give every person paying money into the treasury a receipt therefor, specifying date of payment and on what account paid. He or she shall also file copies of such receipts, except tax receipts, with his or her monthly reports, and he or she shall at the end of every month, and as often as may be requested, render an account to the city council, under oath,

showing the state of the treasury at the date of such account, the amount of money remaining in each fund and the amount paid therefrom, and the balance of money in the treasury. The city treasurer shall also accompany such account with a statement of all receipts and disbursements, together with all warrants redeemed and paid by him or her, which warrants, with all vouchers held by him or her, shall be filed with his or her account in the city clerk's office. He or she shall produce and show all funds shown by such report to be on hand, or satisfy the city council or its committee that he or she has such funds in his or her custody or under his or her control. If the city treasurer fails to render his or her account within twenty days after the end of the month, or by a later date established by the city council, the mayor with the consent of the city council may consider this failure as cause to remove the city treasurer from office.

(3) The city treasurer of a city of the first class shall keep a record of all outstanding bonds against the city, showing the number and amount of each bond, for and to whom the bonds were issued, and the date upon which any bond is purchased, paid, or canceled. He or she shall accompany the annual statement submitted pursuant to section 19-1101 with a description of the bonds issued and sold in that year and the terms of sale, with every item of expense thereof.

(4) The city treasurer of a city of the first class may employ and appoint a delinquent tax collector, who shall be allowed a percentage upon his or her collections to be fixed by the city council, not to exceed the fees allowed by law to the county treasurer for like services. Upon taxes collected by such delinquent tax collector, the city treasurer shall receive no fees.

(5) The city treasurer of a city of the first class shall prepare all special assessment lists and shall collect all special assessments.

(6) The city treasurer shall annually complete continuing education through a program approved by the Auditor of Public Accounts, and proof of completion of such program shall be submitted to the Auditor of Public Accounts.

Sec. 4. Section 17-605, Revised Statutes Cumulative Supplement, 2018, is amended to read:

17-605 The city clerk or village clerk shall have the custody of all laws and ordinances and shall keep a correct journal of the proceedings of the city council of a city of the second class or village board of trustees. After the period of time specified by the State Records Administrator pursuant to the Records Management Act, the city clerk or village clerk may transfer such journal of the proceedings of the city council or village board of trustees to the State Archives of the Nebraska State Historical Society for permanent preservation. He or she shall also perform such other duties as may be required by the ordinances of the city or village. If the city clerk or village clerk is acting as the city treasurer or village treasurer, he or she shall also comply with the requirements of subsection (3) of section 17-606.

Sec. 5. Section 17-606, Revised Statutes Cumulative Supplement, 2018, is amended to read:

17-606 (1) The treasurer of each city of the second class or village shall be the custodian of all money belonging to the city or village. He or she shall keep a separate account of each fund or appropriation and the debts and credits belonging thereto. He or she shall give every person paying money into the treasury a receipt for such money, specifying the date of payment and on what account paid. He or she shall also file copies of such receipts with his or her monthly reports, and he or she shall, at the end of every month, and as often as may be required, render an account to the city council or village board of trustees, under oath, showing the state of the treasury at the date of such account and the balance of money in the treasury. He or she shall also accompany such accounts with a statement of all receipts and disbursements, together with all warrants redeemed and paid by him or her, which warrants, with any and all vouchers held by him or her, shall be filed with his or her account in the clerk's office. If the city treasurer or village treasurer fails to render his or her account within twenty days after the end of the month, or by a later date established by the city council or village board of trustees, the mayor of a city of the second class or the chairperson of the village board of trustees with the advice and consent of the trustees may use this failure as cause to remove the city treasurer or village treasurer from office.

(2) The city treasurer or village treasurer shall keep a record of all outstanding bonds against the city or village, showing the number and amount of each bond, for and to whom the bonds were issued, and the date upon which any bond is purchased, paid, or canceled. He or she shall accompany the annual statement submitted pursuant to section 19-1101 with a description of the bonds issued and sold in that year and the terms of sale, with every item of expense thereof.

(3) The city treasurer or village treasurer shall annually complete continuing education through a program approved by the Auditor of Public Accounts, and proof of completion of such program shall be submitted to the Auditor of Public Accounts.

Sec. 6. Section 23-1601, Reissue Revised Statutes of Nebraska, is amended to read:

23-1601 (1) It is the duty of the county treasurer to receive all money belonging to the county, from whatsoever source derived and by any method of payment provided by section 77-1702, and all other money which is by law directed to be paid to him or her. All money received by the county treasurer for the use of the county shall be paid out by him or her only on warrants

issued by the county board according to law, except when special provision for payment of county money is otherwise made by law.

(2) The county treasurer shall prepare and file the required annual inventory statement of county personal property in his or her custody or possession as provided in sections 23-346 to 23-350.

(3) The county treasurer, at the direction of the city or village, shall invest the bond fund money collected for each city or village located within each county. The bond fund money shall be invested by the county treasurer and any investment income shall accrue to the bond fund. The county treasurer shall notify the city or village when the bonds have been retired.

(4)(a) On or before the fifteenth day of each month, the county treasurer (i) shall pay to each city, village, school district, educational service unit, county agricultural society, and rural or suburban fire protection district located within the county the amount of all funds collected or received for the city, village, school district, educational service unit, county agricultural society, and rural or suburban fire protection district the previous calendar month, including bond fund money when requested by any city of the first class under section 16-731, and (ii) on forms provided by the Auditor of Public Accounts, shall include with the payment a statement indicating the source of all such funds received or collected and an accounting of any expense incurred in the collection of ad valorem taxes, except that the Auditor of Public Accounts shall, upon request of a county, approve the use and reproduction of a county's general ledger or other existing forms if such ledger or other forms clearly indicate the sources of all funds received or collected and an accounting of any expenses incurred in the collection of ad valorem taxes.

(b) If all such funds received or collected are less than twenty-five dollars, the county treasurer may hold such funds until such time as they are equal to or exceed twenty-five dollars. In no case shall such funds be held by the county treasurer longer than six months.

(c) If a school district treasurer has not filed an official bond pursuant to section 11-107 or evidence of equivalent insurance coverage, the county treasurer may hold funds collected or received for the school district until such time as the bond or evidence of equivalent insurance coverage has been filed.

(5) Notwithstanding subsection (4) of this section, the county treasurer of any county in which a city of the metropolitan class or a Class V school district is located shall pay to the city of the metropolitan class and to the Class V school district on a weekly basis the amount of all current year funds as they become available for the city or the school district.

(6) The county treasurer shall annually complete continuing education through a program approved by the Auditor of Public Accounts, and proof of completion of such program shall be submitted to the Auditor of Public Accounts.

Sec. 7. Section 23-1605, Revised Statutes Cumulative Supplement, 2018, is amended to read:

23-1605 (1)(a) During the months of January and July of each year, the county treasurer shall cause a tabulated statement of the affairs of the county treasurer's office to be published in a legal newspaper published in the county. In counties having more than two hundred fifty thousand inhabitants, the statement shall be published in a daily legal newspaper published in the county.

(b) If no legal newspaper is published in the county, the statement shall be published in a legal newspaper of general circulation within the county.

(c) The county shall pay the newspaper reasonable compensation for the publication of such statement.

(d) The statement shall show the receipts and disbursements of the county treasurer's office for the last preceding six months ending June 30 and December 31, including (i) the amount of money received and for what fund category, (ii) the amount of disbursements and from what fund category, (iii) the ending fund balance in each fund category, (iv) the amount of outstanding warrants or orders registered and unpaid, (v) the total balance, and (vi) the total amount of unpaid claims of the county as of June 30 and December 31 of each year, as certified to the county treasurer by the county clerk.

(2) The county treasurer may also publish the statement on a web site maintained by the county.

(3) If a newspaper cannot publish the statement in a timely manner, publication on a county's web site shall be considered compliance with subsection (1) of this section.

~~The county treasurer shall, during the months of July and January of each year, cause to be published in a legal newspaper, and in counties having more than two hundred fifty thousand inhabitants in a daily legal newspaper printed in the county, or if there is no legal newspaper published in the county, in a legal newspaper of general circulation within the county, a tabulated statement of the affairs of the county treasurer's office, showing the receipts and disbursements of the office for the last preceding six months ending June 30 and December 31.~~

Sec. 8. Section 84-304, Revised Statutes Supplement, 2019, is amended to read:

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

(1) To give information electronically to the Legislature, whenever required, upon any subject relating to the fiscal affairs of the state or with 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, the 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. Such examinations shall be done in accordance with generally accepted government auditing standards for financial audits and attestation engagements set forth in Government Auditing Standards (2011 Revision for audit periods ending before June 30, 2020, or 2018 Revision for audit periods ending on or after June 30, 2020), published by the Comptroller General of the United States, Government Accountability Office, and except as provided in subdivision (10) of this section, subdivision (16) of section 50-1205, and section 84-322, shall not include performance audits, whether conducted pursuant to attestation engagements or performance audit standards as set forth in Government Auditing Standards (2018 ~~2011~~ Revision), published by the Comptroller General of the United States, Government Accountability Office.

(b) Any entity, excluding the state colleges and the University of Nebraska, that is audited or examined pursuant to subdivision (3)(a) of this section and that is the subject of a comment and recommendation in a management letter or report issued by the Auditor of Public Accounts shall, on or before six months after the issuance of such letter or report, provide to the Auditor of Public Accounts a detailed written description of any corrective action taken or to be taken in response to the comment and recommendation. The Auditor of Public Accounts may investigate and evaluate the corrective action. The Auditor of Public Accounts shall then electronically submit a report of any findings of such investigation and evaluation to the Governor, the appropriate standing committee of the Legislature, and the Appropriations Committee of the Legislature. The Auditor of Public Accounts shall also ensure that the report is delivered to the Appropriations Committee for entry into the record during the committee's budget hearing process;

(4)(a) 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 any agricultural association formed under Chapter 2, article 20, any county agricultural society, any joint airport authority formed under the Joint Airport Authorities Act, any city or county airport authority, any bridge commission created pursuant to section 39-868, any cemetery district, any community redevelopment authority or limited community redevelopment authority established under the Community Development Law, any development district, any drainage district, any health district, any local public health department as defined in section 71-1626, any historical society, any hospital authority or district, any county hospital, any housing agency as defined in section 71-1575, any irrigation district, any county or municipal library, any community mental health center, any railroad transportation safety district, any rural water district, any township, Wyuka Cemetery, the Educational Service Unit Coordinating Council, any entity created pursuant to the Interlocal Cooperation Act, any educational service unit, any village, any service contractor or subrecipient of state or federal funds, any political subdivision with the authority to levy a property tax or a toll, or any entity created pursuant to the Joint Public Agency Act.

For purposes of this subdivision, service contractor or subrecipient means any nonprofit entity that expends state or federal funds to carry out a state or federal program or function, but it does not include an individual who is a direct beneficiary of such a program or function or a licensed health care provider or facility receiving direct payment for medical services provided for a specific individual.

(b) The Auditor of Public Accounts may waive the audit requirement of subdivision (4)(a) of this section upon the submission by the political subdivision of a written request in a form prescribed by the auditor. The auditor shall notify the political subdivision in writing of the approval or denial of the request for a waiver.

(c) Through December 31, 2017, the Auditor of Public Accounts may conduct audits under this subdivision for purposes of sections 2-3228, 12-101, 13-2402, 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 19-3501, 23-1118, 23-3526, 71-1631.02, and 79-987.

(d) Beginning on May 24, 2017, the Auditor of Public Accounts may conduct audits under this subdivision for purposes of sections 13-2402, 14-567, 14-1805.01, 14-2111, 15-1017, 16-1017, 16-1037, 18-814, 71-1631.02, and 79-987 and shall prescribe the form for the annual reports required in each of such sections. Such annual reports shall be published annually on the web site of the Auditor of Public Accounts;

(5) To report promptly to the Governor and the appropriate standing committee of the Legislature the fiscal condition shown by such examinations conducted by the auditor, 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 report submitted to the committee shall be submitted electronically. In addition, if, in the normal course of conducting an audit in accordance with subdivision (3) of this section, the auditor discovers any potential problems related to the effectiveness, efficiency, or performance of state programs, he or she shall immediately report them electronically to the

Legislative Performance Audit Committee which may investigate the issue further, report it electronically to the appropriate standing committee of the Legislature, or both;

(6)(a) To examine or cause to be examined the books, accounts, vouchers, records, and expenditures of a fire protection district. The expense of the examination shall be paid by the political subdivision.

(b) Whenever the expenditures of a fire protection district are one hundred fifty thousand dollars or less per fiscal year, the fire protection district shall be audited no more than once every five years except as directed by the board of directors of the fire protection district or unless the auditor receives a verifiable report from a third party indicating any irregularities or misconduct of officers or employees of the fire protection district, any misappropriation or misuse of public funds or property, or any improper system or method of bookkeeping or condition of accounts of the fire protection district. In the absence of such a report, the auditor may waive the five-year audit requirement upon the submission of a written request by the fire protection district in a form prescribed by the auditor. The auditor shall notify the fire protection district in writing of the approval or denial of a request for waiver of the five-year audit requirement. Upon approval of the request for waiver of the five-year audit requirement, a new five-year audit period shall begin.

(c) Whenever the expenditures of a fire protection district exceed one hundred fifty thousand dollars in a fiscal year, the auditor may waive the audit requirement upon the submission of a written request by the fire protection district in a form prescribed by the auditor. The auditor shall notify the fire protection district in writing of the approval or denial of a request for waiver. Upon approval of the request for waiver, a new five-year audit period shall begin for the fire protection district if its expenditures are one hundred fifty thousand dollars or less per fiscal year in subsequent years;

(7) To appoint two or more assistant deputies (a) whose entire time shall be devoted to the service of the state as directed by the auditor, (b) who shall be certified public accountants with at least five years' experience, (c) who shall be selected without regard to party affiliation or to place of residence at the time of appointment, (d) who shall promptly report 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) who shall qualify by taking an oath which shall be filed in the office of the Secretary of State;

(8) To 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 may contract with any political subdivision to perform the audit of such political subdivision required by or provided for in section 23-1608 or 79-1229 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 fees remitted to the auditor for such audits and services shall be deposited in the Auditor of Public Accounts Cash Fund;

(9) To develop and maintain an annual budget and actual financial information reporting system for political subdivisions that is accessible online by the public;

(10) When authorized, to conduct joint audits with the Legislative Performance Audit Committee as described in section 50-1205; ~~and~~

(11) Unless otherwise specifically provided, to assess the interest rate on delinquent payments of any fees for audits and services owing to the Auditor of Public Accounts at a rate of fourteen percent per annum from the date of billing unless paid within thirty days after the date of billing. For an entity created pursuant to the Interlocal Cooperation Act or the Joint Public Agency Act, any participating public agencies shall be jointly and severally liable for the fees and interest owed if such entity is defunct or unable to pay; ~~and~~

(12) In consultation with statewide associations representing (a) counties and (b) cities and villages, to approve annual continuing education programs for county treasurers, city treasurers, and village treasurers as required by sections 14-553, 15-317, 16-318, 17-606, and 23-1601. The cost of attending such programs shall be at the expense of the county, city, or village. The auditor shall maintain records of program attendance and notify each county board, city council, or village board of trustees if its treasurer has not completed such program attendance. The auditor shall inform the Attorney General and the county attorney of the county in which a treasurer is located if such treasurer has not completed a required annual continuing education program.

Sec. 9. Sections 1, 2, 3, 4, 5, 6, 7, 10, and 12 of this act become operative three calendar months after the adjournment of this legislative session. The other sections of this act become operative on their effective date.

Sec. 10. Original sections 14-553, 15-317, and 23-1601, Reissue Revised

Statutes of Nebraska, sections 17-605, 17-606, and 23-1605, Revised Statutes Cumulative Supplement, 2018, and section 16-318, Revised Statutes Supplement, 2019, are repealed.

Sec. 11. Original section 84-304, Revised Statutes Supplement, 2019, is repealed.

Sec. 12. The following sections are outright repealed: Sections 23-1606 and 23-1607, Reissue Revised Statutes of Nebraska.

Sec. 13. Since an emergency exists, this act takes effect when passed and approved according to law.