

## LEGISLATIVE BILL 404

Approved by the Governor May 22, 1975

Introduced by Agriculture and Environment Committee,  
Schmit, 23, Chmn.; R. Maresh, 32; Rumery, 42;  
DeCamp, 40; Dickinson, 31

AN ACT to amend sections 2-3216, 2-3220, and 2-3228, Reissue Revised Statutes of Nebraska, 1943, and section 2-3223, Revised Statutes Supplement, 1974, relating to natural resources districts; to prohibit directors from having an interest in certain contracts; to require audit reports of the district to be filed with the Auditor of Public Accounts; to provide additional duties of the board of directors of the district; to provide for a pension plan; to provide penalties; and to repeal the original sections.

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

Section 1. That section 2-3216, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

2-3216. Members of the board may be removed from office for the same reasons and in the same manner as provided by law for the removal of county officers. No director of any natural resources district shall be interested, directly or indirectly, in any contract to which the district, or anyone for its benefit, is a party, when the consideration of the contract is in an amount in excess of five thousand dollars in any one year, and no contract may be divided for the purpose of evading the requirements of this section. Such interest in any contract shall void the obligation thereof on the part of the district. The receiving of deposits, cashing of checks, and buying and selling warrants and bonds of indebtedness of any natural resources district by a financial institution and acting in any fiduciary capacity shall not be considered a contract under the provisions of this section. No director shall receive any pay or other form of consideration from the district other than his compensation for expenses and per diem as provided by law, but ownership of less than one per cent of the outstanding stock of any class in a corporation shall not constitute an interest, direct or indirect, within the meaning of this section.

Sec. 2. That section 2-3220, Reissue Revised Statutes of Nebraska, 1943, be amended to read as

follows:

2-3220. The board shall cause to be kept accurate minutes of its meetings and accurate records and books of account, conforming to approved methods of bookkeeping prescribed by the Auditor of Public Accounts, clearly setting out and reflecting the entire operation, management and business of the district. It shall be the duty of the board to prepare and publish each month in a newspaper or newspapers which provide general coverage of the district, a detailed list of all expenditures of the district for the preceding month. Any newspaper utilized by the district shall publish such list of expenditures for a fee no greater than the rate provided by law for the publication of proceedings of county boards. Such publication shall set forth the amount of each claim approved, the purpose of the claim, and the name of the claimant. Such books and records shall be kept at the principal office of the district or at such other regularly maintained office or offices of the district as shall be designated by the board, with due regard to the convenience of the district, its customers, and electors. Such books and records shall at reasonable business hours be open to public inspection.

Sec. 3. That section 2-3223, Revised Statutes Supplement, 1974, be amended to read as follows:

2-3223. The fiscal year of the district shall begin July 1 and end June 30. The board of directors, at the close of each year's business, shall cause an audit of the books, records and financial affairs of the district to be made by a public accountant or firm of such accountants, who shall be selected by the district. The audit shall be in a form prescribed by the Auditor of Public Accounts. Such audits shall show (1) the gross income from all sources of the district for the previous year; (2) the amount expended during the previous year for maintenance; (3) the amount expended during the previous year for improvements and other such programs, including detailed information on bidding and notices of requests for bids and the disposition thereof; (4) the amount of depreciation of the property of the district during the previous year; (5) the number of employees as of June 30 of each year; (6) the salaries paid employees; and (7) all other facts necessary to give an accurate and comprehensive view of the cost of operating, maintaining, and improving the district.

An authenticated copy of the audit shall be filed with the Auditor of Public Accounts within six months after the end of the fiscal year. Upon the failure by the district to file the audit report within such time,

the Auditor of Public Accounts shall notify the county treasurer or treasurers within the district who shall withhold distribution of all tax funds to which the district may be entitled pursuant to section 2-3225.

Sec. 4. (1) If any district fails to file a copy of the audit within the required time, pursuant to section 2-3223, the name of the district, the officers, and the board of directors of the district shall be published in a newspaper or newspapers which provide general coverage of the district, which publication shall state the failure of the district and its directors, with publication costs to be paid by the district.

(2) Any officer or member of the board of directors responsible for such failure to file shall be guilty of a misdemeanor and shall, upon conviction thereof, be punished by a fine of not less than one hundred dollars nor more than five hundred dollars.

Sec. 5. That section 2-3228, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

2-3228. Each district shall have the power and authority to:

(1) Receive and use grants, state appropriations, gifts, and bequests for the purposes of this act;

(2) Establish advisory groups by appointing persons within the district, pay necessary and proper expenses of such groups as the board shall determine, and dissolve such groups;

(3) Employ such persons as are necessary to carry out the purposes of this act; and, in addition to other compensation provided, establish and fund a pension plan designed and intended for the benefit of all permanent full-time employees of the district. Any recognized method of funding a pension plan may be employed. Employee contribution shall be required to fund at least fifty per cent of the benefits, and past service benefits may be included. The district shall pay all costs of any such past service benefits, which may be retroactive to July 1, 1972, and the plan may be integrated with old age and survivors insurance, generally known as social security. A uniform pension plan including the method for jointly funding such plan shall be established for all districts in the state. A district may elect not to participate in such a plan but shall not establish an independent plan;

(4) Purchase liability, property damage, workmen's compensation, and other types of insurance as in the judgment of the board are necessary to protect the assets of the district;

(5) Borrow money to carry out the provisions of this act;

(6) Adopt rules and regulations to carry out the purposes of this act; and

(7) Invite the local governing body of any municipality or county to designate a representative to advise and counsel with the board on programs and policies that may affect the property, water supply or other interests of such municipality or county.

Sec. 6. That original sections 2-3216, 2-3220, and 2-3228, Reissue Revised Statutes of Nebraska, 1943, and section 2-3223, Revised Statutes Supplement, 1974, are repealed.