

LEGISLATIVE BILL 446

Approved by the Governor May 9, 1975

Introduced by Urban Affairs Committee, Koch, 12; Stoney, 4; Swigart, 8; Hasebroock, 18; Burrows, 30; Duis, 39; George, 16

AN ACT relating to public funds; to require notice when bonds are called for prepayment; to provide procedure in the issuance of additional combined revenue bonds; to provide for unaudited statements in lieu of village audits; to provide when an audit may be required; to amend sections 10-126, 19-1306, and 19-2905, Reissue Revised Statutes of Nebraska, 1943, and section 19-2903, Revised Statutes Supplement, 1974; and to repeal the original sections.

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

Section 1. That section 10-126, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

10-126. All bonds of indebtedness, issued after September 7, 1947, by any county, precinct, city, village, school district, drainage district, or irrigation district, or any other municipal corporation or governmental subdivision of the state, except public power districts, public power and irrigation districts, metropolitan water districts, metropolitan utilities districts, cities of the metropolitan and of the primary class, and of housing authorities of any city or village, shall be redeemable at the option of the governmental subdivision or municipal corporation issuing such bonds at any time on or after five years from the date of issuance thereof. Bonds of districts created under the provisions of Chapter 31 or 39, shall in addition, after annexation by any municipality, be redeemable at the option of the annexing municipality at any time after annexation of such district if at the time of redemption at least five years shall have elapsed from date of issuance. Such condition shall be plainly set forth in all bonds of any governmental subdivision of the state or municipal corporation hereafter issued to which it applies, and such bonds shall not be eligible for registration in the office of the Auditor of Public Accounts unless such condition appears therein. The issuer, except districts organized under the provisions of Chapter 31 or 39, of any such bonds of indebtedness, when the total amount of bonds at par value authorized as

a single issue is five hundred thousand dollars or more, may agree to pay a call premium of not to exceed four per cent of the par value for the redemption of such bonds; Provided, that districts organized under the provisions of Chapter 31 or 39 may agree to pay a call premium of not to exceed two per cent of the par value of such bonds when a single issue is five hundred thousand dollars or more and bonds of such districts shall have no other bond redemption call or prepayment restrictions except as hereinafter provided in this section. Bonds of public power districts, public power and irrigation districts, metropolitan water districts, metropolitan utilities districts, cities of the metropolitan and of the primary class and of housing authorities of any city or village, may contain such provisions with respect to their redemption as the public power district, public power and irrigation district, metropolitan water district, metropolitan utilities district, city or housing authority shall provide. All bonds heretofore or hereafter issued which do not provide a special procedure for calling and prepayments shall be called by a resolution passed by the governing body of the obligor, which resolution shall designate the bond or bonds to be prepaid by stating the date of the bonds, the purpose for which the bonds were issued, and the bond numbers of the bonds so called, and shall also state the date set for prepayment. The issuer of any bonds issued pursuant to this section shall, at least thirty days prior to the date set for prepayment of such bonds, send notice by mail of the call to each holder of the called bonds as shown in its records. A true copy of the resolution shall be filed by the obligor with the Auditor of Public Accounts at least thirty days prior to call date and a copy of the resolution shall also be filed with the paying agent on or before the call date. The Auditor of Public Accounts shall note the call of the bonds on his registration records. The original purchaser of any bonds registered in the office of the Auditor of Public Accounts may file with the auditor notice of their purchase identifying the bonds so purchased. The Auditor of Public Accounts shall keep a record of all such filings and send notice by mail of the call of any bonds to the original purchaser of the called bonds as shown by his records. If the obligor deposits sufficient funds with the paying agent to pay the called bonds and accrued interest to date of call in full on or before the call date, the bonds shall cease to be a liability of the obligor; otherwise, the call shall be revoked, and the bonds continue in effect the same as though no call had been made.

Sec. 2. That section 19-1306, Reissue Revised Statutes of Nebraska, 1943, be amended to read as

follows:

19-1306. The governing body of such city or village shall first cause plans and specifications for said proposed extensions and improvements and an estimate of the cost thereof to be made by the city or village engineer or by a special engineer employed for that purpose. Such plans, specifications and estimate of cost, after being approved and adopted by the governing body, shall be filed with the city or village clerk and be open to public inspection. The governing body shall then, by resolution entered in the minutes of their proceedings, direct that public notice be given in regard thereto. This notice shall state: (1) The general nature of the improvements or extensions proposed to be made; (2) that the plans, specifications and estimate thereof are on file in the office of the city or village clerk and are open to public inspection; (3) the estimated cost thereof; (4) that it has proposed to pay for the same by combined revenue bonds; (5) the principal amount of said bonds which it proposes to issue; (6) the maximum rate of interest which such bonds will bear; (7) that the payment of said bonds will be a lien upon and will be secured by a pledge of the revenues revenue and earnings of certain public utilities; (8) the names of the utilities whose revenues revenue and earnings are to be so pledged; (9) that any qualified elector of the city or village may file written objections to the issuance of said bonds with the city or village clerk within twenty days after the first publication of said notice; (10) that if such objections are filed within said time by qualified electors of the city or village, equal in number to forty per cent of the electors of the city or village who voted at the last preceding general municipal election, the bonds will not be issued unless the issuance of such bonds is otherwise authorized in accordance with law; and (11) that if such objections are not so filed by such percentage of such electors, the governing body of such city or village proposes to pass an ordinance authorizing the sale of said bonds and making such contracts with reference thereto as may be necessary or proper. Such notice shall be signed by the city or village clerk and be published three consecutive weeks in a legal newspaper published or of general circulation in such city or village. Once combined revenue bonds have been issued pursuant to this section or section 18-1101, the procedure outlined in this section shall not be required to issue additional combined revenue bonds unless an additional public utility not previously included is to be combined with the bonds contemplated to be issued.

Sec. 3. That section 19-2903, Revised Statutes Supplement, 1974, be amended to read as follows:

19-2903. The municipal authorities of each municipality shall cause an audit of the municipality's accounts to be made by a recognized independent and qualified accountant as expeditiously as possible following the close of the fiscal year for such municipality and to cover all financial transactions and affairs of the municipality for such preceding fiscal year. Such audit shall be completed and the annual audit report made by such accountant shall be submitted within six months after the close of the fiscal year in any event, unless an extension of time shall be granted by a written resolution adopted by the municipal authorities; Provided, that all villages of four hundred population or less shall cause an audit once every three years beginning in 1972 that all villages may file an unaudited statement of cash receipts and disbursements annually in lieu of an annual audit. Such unaudited statement shall be filed with the Auditor of Public Accounts in a form prescribed by him. The accountant making the audit and the person preparing the unaudited statement of cash receipts and disbursements shall submit not less than three copies of the audit report or unaudited statement to the municipal authorities of the municipality, being audited. The Auditor of Public Accounts may require an audit of any village's account based upon information contained in its unaudited statement and may specify the period within which such audit must be performed. If a municipality owns or operates any type of public utility, that phase of the affairs of such municipality shall be audited separately from the other functions of such municipality and the result shall appear separately in the annual audit report made by the accountant to the municipality; Provided, any municipality operating its utilities through a board of public works may provide for an entirely separate audit of such operations and report and by a different accountant than the one making the general audit.

Sec. 4. That section 19-2905, Reissue Revised Statutes of Nebraska, 1943, be amended to read as follows:

19-2905. At least three copies of such annual audit report shall be properly signed and attested by the accountant; two copies shall be filed with the clerk of the municipality involved and one copy shall be filed with the Auditor of Public Accounts. A copy of the unaudited statement of cash receipts and disbursements shall be filed with the Auditor of Public Accounts. The annual audit report filed, together with any accompanying

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comment or explanation, and the unaudited statement of cash receipts and disbursements shall become a part of the public records of the clerk of the municipality involved and shall at all times thereafter be open and subject to public inspection. The copy copies filed with the auditor shall be kept as a part of the public records in that office for at least five years, and shall at all times be subject to public inspection.

Sec. 5. That original sections 10-126, 19-1306, and 19-2905, Reissue Revised Statutes of Nebraska, 1943, and section 19-2903, Revised Statutes Supplement, 1974, are repealed.