

## LEGISLATIVE BILL 250

Approved by the Governor March 26, 1997

Introduced by General Affairs Committee: Schellpeper, 18, Chairperson;  
Cudaback, 36; Hartnett, 45; Hudkins, 21; Janssen, 15; Robak, 22;  
Vrtiska, 1; Will, 8

AN ACT relating to political subdivisions; to amend sections 51-203 to 51-205, 51-209 to 51-211, and 51-414, Reissue Revised Statutes of Nebraska, and sections 13-501, 13-503, 13-2202, 23-2306, 23-2323.03, 23-2331, 51-201, 51-202, and 84-304, Revised Statutes Supplement, 1996; to change provisions relating to public libraries; to provide for mergers; to provide powers and duties; to provide retirement provisions for employees subject to mergers; to eliminate provisions relating to regional and county libraries; to harmonize provisions; to repeal the original sections; and to outright repeal sections 51-301 to 51-305, 51-307 to 51-312, 51-315, and 51-317 to 51-319, Reissue Revised Statutes of Nebraska, and sections 51-313, 51-314, and 51-316, Revised Statutes Supplement, 1996.

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

Section 1. Section 13-501, Revised Statutes Supplement, 1996, is amended to read:

13-501. Sections 2-958, 3-504, 12-914, 13-501 to 13-513, 13-515, 16-702, 16-706, 16-718, 17-702, 17-703, 17-708, 17-711, 17-715, 17-718, 18-1006, 19-1302, 23-132, 23-904, 23-920, 23-3519, 23-3552, 31-513, 35-509, 39-1621, 39-1634, 46-543, 46-544, 51-316, 71-1611, 79-1083, 79-10126, and 79-1225 shall be known and may be cited as the Nebraska Budget Act.

Sec. 2. Section 13-503, Revised Statutes Supplement, 1996, is amended to read:

13-503. For purposes of the Nebraska Budget Act, unless the context otherwise requires:

(1) Governing body shall mean, in the case of a city, the council; in the case of a village, cemetery district, community hospital for two or more adjoining counties, road improvement district, sanitary drainage district, or sanitary and improvement district, the board of trustees; in the case of a county, the county board; in the case of a township, the town board; in the case of a school district, the school board; in the case of a rural or suburban fire protection district, reclamation district, natural resources district, or hospital district, the board of directors; in the case of a health district, the board of health; in the case of a regional library, the regional library commission; in the case of an educational service unit, the board; in the case of a community college, the Community College Board of Governors for the area the board serves; in the case of an airport authority, the airport authority board; in the case of a weed control authority, the board; and in the case of a county agricultural society, the board of directors;

(2) Levying board shall mean any governing body which has the power or duty to levy a tax;

(3) Fiscal year shall mean the twelve-month period used by each governing body in determining and carrying on its financial and taxing affairs;

(4) Tax shall mean any general or special tax levied against persons, property, or business for public purposes as provided by law but shall not include any special assessment;

(5) Auditor shall mean the Auditor of Public Accounts;

(6) Cash reserve shall mean funds required for the period before revenue would become available for expenditure but shall not include funds held in any special reserve fund;

(7) Public funds shall mean all money, including nontax money, used in the operation and functions of governing bodies. For purposes of a county, city, or village which has a lottery established under the Nebraska County and City Lottery Act, only those net proceeds which are actually received by the county, city, or village from a licensed lottery operator shall be considered public funds, and public funds shall not include amounts awarded as prizes;

(8) Adopted budget statement shall mean a proposed budget statement which has been adopted or amended and adopted as provided in section 13-506. Such term shall include additions, if any, to an adopted budget statement made by a revised budget which has been adopted as provided in section 13-511; and

(9) Special reserve fund shall mean any special fund set aside by

the governing body for a particular purpose and not available for expenditure for any other purpose. Funds created for (a) the retirement of bonded indebtedness, (b) the funding of employee pension plans, (c) the purposes of the Political Subdivisions Self-Funding Benefits Act, (d) the purposes of the Local Option Municipal Economic Development Act, (e) voter-approved sinking funds, or (f) statutorily authorized sinking funds shall be considered special reserve funds.

Sec. 3. Section 13-2202, Revised Statutes Supplement, 1996, is amended to read:

13-2202. For purposes of the Local Government Miscellaneous Expenditure Act:

(1) Elected and appointed officials and employees shall mean the elected and appointed officials and employees of any local government;

(2) Governing body shall mean, in the case of a city of any class, the council; in the case of a village, cemetery district, community hospital for two or more adjoining counties, county hospital, road improvement district, sanitary drainage district, or sanitary and improvement district, the board of trustees; in the case of a county, the county board; in the case of a township, the town board; in the case of a school district, the school board; in the case of a rural or suburban fire protection district, reclamation district, natural resources district, or hospital district, the board of directors; in the case of a health district, the board of health; in the case of a regional library, the regional library commission; in the case of an educational service unit, the board; in the case of a community college, the Community College Board of Governors for the area the board serves; in the case of an airport authority, the airport authority board; in the case of a weed control authority, the board; and in the case of a county agricultural society, the board of governors;

(3) Local government shall mean cities of any class, villages, cemetery districts, community hospitals for two or more adjoining counties, county hospitals, road improvement districts, counties, townships, sanitary drainage districts, sanitary and improvement districts, school districts, rural or suburban fire protection districts, reclamation districts, natural resources districts, hospital districts, health districts, regional libraries, educational service units, community colleges, airport authorities, weed control authorities, and county agricultural societies;

(4) Public funds shall mean such public funds as defined in section 13-503 as are under the direct control of governing bodies of local governments;

(5) Public meeting shall mean all regular, special, or called meetings, formal or informal, of any governing body for the purposes of briefing, discussion of public business, formation of tentative policy, or the taking of any action of the governing body; and

(6) Volunteer shall mean a person who is not an elected or appointed official or an employee of a local government and who, at the request or with the permission of the local government, engages in activities related to the purposes or functions of the local government or for its general benefit.

Sec. 4. (1) For purposes of this section:

(a) Political subdivision includes villages, cities of all classes, counties, school districts, public power districts, and all other units of local government, including entities created by local public agencies pursuant to the Interlocal Cooperation Act. Political subdivision does not include any contractor with a political subdivision;

(b) Receiving entity means a political subdivision which receives transferred employees from a separate political subdivision; and

(c) Transferring entity means a political subdivision which is transferring employees to a separate political subdivision.

(2) For transfers involving a retirement system which maintains a defined benefit plan, the transfer value of the transferring employee's accrued benefit shall be calculated by one or both of the retirement systems involved as follows:

(a) If the retirement system of the transferring entity maintains a defined benefit plan, an initial benefit transfer value of the employee's accrued benefit shall be determined by calculating the present value of the employee's retirement benefit based on the employee's years of service as of the date of transfer and the other actuarial assumptions of the retirement system of the transferring entity so that the effect on the retirement system of the transferring entity will be actuarially neutral; and

(b) If the retirement system of the receiving entity maintains a defined benefit plan, the final benefit transfer value of the employee's accrued benefit shall be determined by calculating the present value of the employee's retirement benefit as if the employee were employed on the date of

transfer and had completed the same amount of service with the same compensation as the employee actually completed at the transferring entity prior to transfer. The calculation shall then be based on the employee's assumed years of service as of the date of transfer and the other actuarial assumptions of the retirement system of the receiving entity so that the effect on the retirement system of the receiving entity will be actuarially neutral.

(3) A full-time or part-time employee of a transferring entity who becomes an employee of a receiving entity pursuant to a merger of services shall receive credit for his or her years of participation in the retirement system of the transferring entity for purposes of membership in the retirement system of the receiving entity.

(4) An employee referred to in subsection (3) of this section shall elect one of the following options:

(a) The employee may elect to take a termination benefit in the retirement system of the transferring entity as if the employee were terminating employment with the transferring entity and shall thereafter be treated as a new employee for purposes of the retirement system of the receiving entity; or

(b)(i) If the retirement system of the receiving entity maintains a defined contribution plan, the employee may transfer all of his or her funds by paying to the retirement system of the receiving entity from funds held by the retirement system of the transferring entity an amount equal to one of the following: (A) If the retirement system of the transferring entity maintains a defined benefit plan, an amount not to exceed the initial benefit transfer value, leaving no funds attributable to the transferred employee within the retirement system of the transferring entity, or (B) if the retirement system of the transferring entity maintains a defined contribution plan, an amount not to exceed the employee and employer accounts of the transferring employee plus earnings during the period of employment with the transferring entity. The employee shall receive eligibility and vesting credit for his or her years of service in a governmental plan, as defined in section 414(d) of the Internal Revenue Code, maintained by the transferring entity. Payment shall be made within five years after employment begins with the receiving entity or prior to retirement, whichever comes first, and may be made through direct payment, installment payments, or an irrevocable payroll deduction authorization; or

(ii) If the retirement system of the receiving entity maintains a defined benefit plan, the employee may transfer all of his or her funds out of the retirement system of the transferring entity to purchase service credits that will generate a final benefit transfer value not to exceed the employee's initial benefit transfer value in the retirement system of the transferring entity. After such purchase, the employee shall receive eligibility and vesting credit in the retirement system of the receiving entity for his or her years of service in a governmental plan, as defined in section 414(d) of the Internal Revenue Code, maintained by the transferring entity. The election to purchase service credit shall be made within three years after the employment begins with the receiving entity. The amount to be paid by the member for such service credit shall equal the actuarial cost to the retirement system of the receiving entity for allowing such additional service credit to the employee. If any funds remain in the retirement system of the transferring entity after the employee has purchased service credits in the retirement system of the receiving entity, such remaining funds shall be rolled over into another qualified trust under section 401(a) of the Internal Revenue Code, an individual retirement account, or an individual retirement annuity. Payment shall be made within five years after the employee elects to purchase the service credit or prior to retirement, whichever comes first, and may be made through direct payment, installment payments, or an irrevocable payroll deduction authorization.

(5) The transferring entity, the receiving entity, and the employees who are being transferred may by binding agreement determine which parties will provide funds to pay any amount needed to purchase creditable service in the retirement system of the receiving entity sufficient to provide a final benefit transfer value not to exceed the employee's initial benefit transfer value, if the amount of a direct rollover from the retirement system of the transferring entity is not sufficient to provide a final benefit transfer value in the retirement system of the receiving entity.

(6) The retirement system of the receiving entity may accept cash rollover contributions from a member who is making payment pursuant to this section if the contributions do not exceed the amount of payment required for the service credits purchased by the member and the contributions represent (a) all or any portion of the balance of the member's interest in a qualified

trust under section 401(a) of the Internal Revenue Code or (b) the interest of the member from an individual retirement account or an individual retirement annuity, the entire of which is attributable to a qualified total distribution, as defined in the Internal Revenue Code, from a qualified trust under section 401(a) of the code and qualified as a tax-free rollover amount. The member's interest under subdivision (a) or (b) of this subsection must be transferred to the retirement system within sixty days after the date of the distribution from the qualified trust, individual retirement account, or individual retirement annuity.

(7) Cash transferred to the retirement system of the receiving entity as a rollover contribution shall be deposited as other contributions.

(8) The retirement system of the receiving entity may accept direct rollover distributions made from a qualified trust pursuant to section 401(a)(31) of the Internal Revenue Code. The direct rollover distribution shall be deposited as all other payments under this section.

(9) The receiving entity or its retirement system shall adopt provisions defining procedures for acceptance of rollovers which are consistent with sections 401(a)(31) and 402 of the Internal Revenue Code.

(10) Any retirement system authorized pursuant to section 14-1805, 15-1017, 16-1004, 16-1023, 19-3501, or 23-1118 or any retirement system for a city of the metropolitan class authorized pursuant to home rule charter shall be modified to comply with this section prior to any merger of service involving such system.

Sec. 5. Section 23-2306, Revised Statutes Supplement, 1996, is amended to read:

23-2306. (1) The membership of the retirement system shall be composed of (a) all full-time employees who have been employees for a period of twelve continuous months, except that elected officials shall be members on taking office, and (b) all part-time employees who have attained the age of twenty-five, have been employed for a total of twelve months, and exercise the option to join the retirement system. A part-time employee who exercises the option to join the retirement system shall remain in the system until termination or retirement.

(2) Within the first thirty days of employment, a full-time employee may apply to the board for eligibility and vesting credit for years of participation in a Nebraska governmental plan, as defined by section 414(d) of the Internal Revenue Code. During the years of participation in the other Nebraska governmental plan, the employee must have been a full-time employee.

(3) A full-time or part-time employee of a city, village, or township who becomes a county employee pursuant to a merger of services shall receive credit for his or her years of employment with the city, village, or township for purposes of the membership provisions of this section and shall receive eligibility and vesting credit for his or her years of participation in a Nebraska governmental plan, as defined by section 414(d) of the Internal Revenue Code, of the city, village, or township.

Sec. 6. Under such rules and regulations as the retirement board adopts and promulgates, a full-time or part-time employee of a city, village, or township who becomes a county employee pursuant to a merger of services may pay to the retirement system an amount equal to the sum of all deductions which were made from the employee's compensation, plus earnings, during such period of employment with the city, village, or township. Payment shall be made within five years after the merger or prior to retirement, whichever comes first, and may be made through direct payment, installment payments, or an irrevocable payroll authorization.

Sec. 7. Section 23-2323.03, Revised Statutes Supplement, 1996, is amended to read:

23-2323.03. (1) The retirement system may accept cash rollover contributions from a member who is making payment pursuant to section 23-2323.01 or section 6 of this act if the contributions do not exceed the amount of payment required for the service credits purchased by the member pursuant to such section and the contributions represent (a) all or any portion of the balance of the member's interest in a qualified trust under section 401(a) of the Internal Revenue Code or (b) the interest of the member from an individual retirement account or an individual retirement annuity, the entire amount of which is attributable to a qualified total distribution, as defined in the Internal Revenue Code, from a qualified trust under section 401(a) of the code and qualified as a tax-free rollover amount. The member's interest under subdivision (a) or (b) of this subsection must be transferred to the retirement system within sixty days from the date of the distribution from the qualified trust, individual retirement account, or individual retirement annuity.

(2) Cash transferred to the retirement system as a rollover

contribution shall be deposited as other payments for military service contributions.

(3) The retirement system may accept direct rollover distributions made from a qualified trust pursuant to section 401(a)(31) of the Internal Revenue Code. The direct rollover distribution shall be deposited as all other payments under this section.

(4) The board shall adopt and promulgate rules and regulations defining procedures for acceptance of rollovers which are consistent with sections 401(a)(31) and 402 of the Internal Revenue Code.

Sec. 8. Section 23-2331, Revised Statutes Supplement, 1996, is amended to read:

23-2331. Sections 23-2301 to 23-2332 and section 6 of this act shall be known and may be cited as the County Employees Retirement Act.

Sec. 9. The Legislature finds and declares that public libraries perform services which are vitally important for the maintenance of an educated and democratic society, including, but not limited to, providing information which stimulates thought, awareness, and involvement in issues of public interest and providing avenues for intellectual and cultural growth and enjoyment. The Legislature further finds that an educated and culturally aware society is increasingly important in an economy in which Nebraskans must compete on a global scale. It is the intent of the Legislature that Nebraskans will help lead the nation into the world of the twenty-first century.

Sec. 10. Section 51-201, Revised Statutes Supplement, 1996, is amended to read:

51-201. The city council of any city, the board of trustees of any incorporated village, the county board of any county, and the electors of any township at their annual town meeting shall have the power to establish a public library free of charge for the use of the inhabitants of such city, village, county, or township.

Any such council, board, or electors may also contract for the use of a public library already established and may levy a tax of not more than ten and five-tenths cents on each one hundred dollars upon the taxable value of all the taxable property in such city, village, county, or township annually to be levied and collected in like manner as other taxes in such city, village, county, or township, except that when any county discontinues township organization, the county shall levy and collect a tax of not more than ten and five-tenths cents on each one hundred dollars for such public library. The On and after July 1, 1998, the levy by a county or township shall be subject to section 77-3443. The amount collected from such levy shall be known as the library fund.

Before establishing a county library, the county board shall submit the question to the voters of the county at a general election pursuant to section 32-559, including only incorporated and unincorporated areas which do not have a public library, and a majority of the voters voting on the question of whether to establish a county library shall authorize the establishment of such county library and the levying of the tax. Such questions shall be submitted at a general election only, and when so a city, village, or township within the county that has a public library may merge with the county library, if established, upon a majority vote pursuant to section 12 of this act. When such questions are submitted and carried, the county board shall include the county library in its next succeeding estimate and levy. Such submission shall not be required when the board levies a tax for the purpose of contracting for use of a library already established. When the county board makes a levy for a county library or for the purpose of contracting for use of a public library already established, it the county board shall omit from the levy of the library tax all property within the limits of any city, village, or township in such county which already maintains a library by public tax unless the voters of the city, village, or township have voted to merge with the county library.

The method of merger of libraries provided in this section and sections 11 to 15 of this act shall not be construed as the exclusive way to merge libraries or library facilities. Nothing in such sections shall prohibit a county, city, village, or township from entering into an agreement pursuant to the Interlocal Cooperation Act relating to library services.

Sec. 11. (1) The registered voters of the incorporated and unincorporated areas of a county which do not have a public library may file an initiative petition with the county board requesting the establishment of a county library. The petition shall be filed by July 31 prior to a statewide general election. Signatures gathered before the last statewide general election shall not be counted. An initiative petition shall conform to the requirements of section 32-628. Petition signers and petition circulators

shall conform to the requirements of sections 32-629 and 32-630. The county board shall submit the petitions to the election commissioner or county clerk for signature verification pursuant to section 32-631. The required number of signatures shall be ten percent of the voters registered at the last statewide general election in the incorporated and unincorporated areas of the county which do not have a public library. The election commissioner or county clerk shall notify the county board within thirty days after receiving the petitions from the county board whether the required number of signatures has been gathered.

(2) If the county board determines that the petitions are in proper form and signed by the necessary number of registered voters, the county board shall notify the governing body and library board of each incorporated area within the county within ten days after such determination and shall publish in a newspaper of general circulation in the county that the registered voters of the unincorporated area of the county and of the incorporated areas which do not have a public library will be asked to vote on the issue at the next statewide general election and shall submit the question of whether to establish a county library to the voters as required in section 51-201.

Sec. 12. (1) At the time the county board decides to hold an election pursuant to section 51-201 on the question of establishing a public library, the county board shall notify the governing body and library board of each incorporated area within the county and shall publish in a newspaper of general circulation in the county that the registered voters of the unincorporated area of the county and of the incorporated areas which do not have a public library will be asked to vote on the issue at the next statewide general election. The notice shall be delivered and publication shall occur prior to June 1 before the election.

(2) If a city council, village board, or township board of a city, village, or township that has a public library and the library board, if one exists, of the city, village, or township both adopt a resolution indicating that they desire to merge the city, village, or township library with the county library if established and notify the county board by filing the resolutions with the county clerk by August 25, the county board shall submit the question of merger to the voters of the city, village, or township at the same time as the election pursuant to section 51-201.

(3) The registered voters of a city, village, or township that has a public library may file an initiative petition with the county board to require the issue of merger to be on the ballot in the city, village, or township. The petition shall be filed by July 31 prior to the statewide general election at which the issue would be on the ballot. Signatures gathered before the last statewide general election shall not be counted. An initiative petition shall conform to the requirements of section 32-628. Petition signers and petition circulators shall conform to the requirements of sections 32-629 and 32-630. The county board shall submit the petitions to the election commissioner or county clerk for signature verification pursuant to section 32-631. The required number of signatures shall be ten percent of the voters registered in the city, village, or township at the last statewide general election. The election commissioner or county clerk shall notify the county board within thirty days after receiving the petitions from the county board whether the required number of signatures has been gathered. If the county board determines that the petitions are in proper form and signed by the necessary number of registered voters, the county board shall submit the question of whether to merge with the county library, if established, to the voters at the same time as the election pursuant to section 51-201.

Sec. 13. In a county that has an established county library, if a city council, village board, or township board of a city, village, or township that has a public library and the library board, if one exists, of the city, village, or township both adopt a resolution indicating that such city, village, or township library desires to merge with the established county library, they shall notify the county board by filing the resolutions with the county clerk. After such notification, the city, village, or township library shall be a part of the county library as provided in section 14 of this act and its residents shall be entitled to the benefits of the county library, and the property within such city, village, or township library shall be liable to taxes levied for county library purposes. At least once a week for two successive weeks prior to adopting such resolution, the city council, village board, or township board and library board shall publish notice of such proposed resolution and the date and the place of the meeting at which such resolution is proposed to be adopted, in a newspaper designated by the council or board and published in or of general circulation in such city, village, or township.

Sec. 14. If a city, village, or township library merges with a

county library under sections 51-201 to 51-219 and sections 9 and 11 to 15 of this act, (1) all assets shall be transferred to the county library, (2) all employees of the city, village, or township library shall be transferred to the county and shall receive at least the same or comparable salaries, sick leave, vacation leave, health benefits, retirement benefits, and other benefits as provided by the city, village, or township, and (3) a plan shall be established for the repayment of any bonded indebtedness or other debt of the city, village, or township existing at the time of the merger, including, but not limited to, the payment of the debt, the establishment of a sinking fund, and the issuance of bonds by the county. The city council, village board, or township board and the county board shall enter into a merger agreement consistent with this section setting the date for the merger to take effect which shall not be more than one year after an election or after the notification to the county board under section 13 of this act. If the parties cannot agree within one year after the election or notification, any party may bring an action in the district court and the district court shall determine the conditions of the transfer of assets and employees and the plan for payment of indebtedness.

Sec. 15. If the city council, village board, or township board and library board, if one exists, both adopt a resolution indicating that such city, village, or township library no longer desires to be a part of the county library system and notify the county board by filing the resolutions with the county clerk, the county board shall submit the question to the voters of the city, village, or township at the next statewide general election. If a majority of the voters voting on the issue vote to withdraw from the county library, then beginning on January 1 following the election, the city, village, or township shall cease to be entitled to the benefits of such county library and the property situated in such city, village, or township library shall not be liable for taxes levied for county library purposes. The city council, village board, or township board and the county board shall enter into a dissolution agreement to provide for the disposition of assets, indebtedness, and employees. If the parties cannot agree within one year after the election, either party may bring an action in the district court and the district court shall determine the disposition of assets, indebtedness, and employees.

Sec. 16. Section 51-202, Revised Statutes Supplement, 1996, is amended to read:

51-202. (1) When any city council or village board decides by ordinance to establish and maintain a public library and reading room under sections 51-201 to 51-219 and sections 9 and 11 to 15 of this act, a library board of five members shall be elected or appointed from the citizens at large, of which board neither the city council or village board shall establish a library board. The library board shall have at least five members. Neither the mayor nor any member of the city council or village board shall be a member of the library board. Except as otherwise provided in subsection (2) of this section, the city council or village board shall by ordinance determine the number of members, whether the members are elected or appointed, and the length of the terms of the members. The terms of members serving on the effective date of a change in the number of members shall not be shortened, and the city council or village board shall provide for the appointment or election of their successors. The members first elected or appointed shall hold their office, three for terms of four years and two for terms of two years from the first day of July following their appointment or election, and their successors shall serve four-year terms, except that the city council or village board may by ordinance make the terms of members of the library board for a period of two years.

At the election in 1974 and each four years thereafter, two members shall be elected or appointed for four-year terms. In 1976, and each four years thereafter, three members shall be elected or appointed for four-year terms. In cases of vacancies by resignation, removal, or otherwise, the city council or village board shall fill such vacancy for the unexpired term. Cities having home rule charters shall have the power to fix by ordinance the number of members and length of terms of members of such library boards. No member shall receive any pay or compensation for any services rendered as a member of the board.

The city council or village board shall by ordinance adopt the manner in which the library board of five members is to be chosen.

(2) If the city council or village board by ordinance provides for appointment of the members to the library board, such library board members shall be appointed by a majority vote of the members of the city council or village board. If an interlocal agreement, a memorandum of understanding, or any other contractual agreement between the city or village and another

political subdivision providing for library services allows representation from the other political subdivision on the library board from outside the city or village, the governing board of the other political subdivision may appoint one or more members to the library board as provided in the interlocal agreement, memorandum of understanding, or other contractual agreement.

(3) If the city council or village board adopts an ordinance to provide for the election of library board members at municipal elections in April, it shall follow the statutes governing municipal elections. If the municipal election is to be held in conjunction with the statewide primary election, the election shall be held as provided in the Election Act. If the board members are to be elected, the city council or village board shall give public notice of such election after the adoption of such ordinance naming the offices to be filled, the length of terms, and the filing deadline for the placing of names of candidates on the ballot.

Sec. 17. Section 51-203, Reissue Revised Statutes of Nebraska, is amended to read:

51-203. When the county board of any county or the electors of any township shall have voted to establish and maintain a public library, the county board of such county or the township board of such township shall appoint a library board of five members, no member of which shall be a member of the county or township board, one for a term of one year, one for a term of two years, one for a term of three years, one for a term of four years, and one for a term of five years, from the first day of July following their appointment; and thereafter the county or township board shall appoint annually one director to serve for a term of five years, shall establish a library board. The library board shall have at least five members. No member of the county board or township board shall be a member of the library board. The county board or township board shall determine by resolution the number of members, whether the members are elected or appointed, and the length of the terms of the members. The terms of members serving on the effective date of a change in the number of members shall not be shortened, and the county board or township board shall provide for the appointment or election of their successors. Such county or township board shall have the power to fill for the unexpired term any vacancy which may occur in the county or township library board. No director member shall receive any pay or compensation for any services rendered as a member of such board.

If the county board or township board provides for appointment of the members to the library board, such library board members shall be appointed by a majority vote of the members of the county board or township board. If the county board or township board provides for the election of library board members, the election shall be held in conjunction with the statewide primary election as provided in the Election Act and the county board or township board shall give public notice of such election after the adoption of such resolution naming the offices to be filled, the length of terms, and the filing deadline for the placing of names of candidates on the ballot.

Sec. 18. Section 51-204, Reissue Revised Statutes of Nebraska, is amended to read:

51-204. The directors members of any city, village, county, or township library board shall immediately after their appointment meet and organize by electing from their number a president, secretary, and such other officers as may be necessary. Three A majority of the members of a city, or village, library board, and three members of a county, or township library board shall constitute a quorum for the transaction of business.

Sec. 19. Section 51-205, Reissue Revised Statutes of Nebraska, is amended to read:

51-205. The library board shall have the power to make and adopt such bylaws, rules, and regulations for its own guidance and for the government of the library and reading room as it may deem expedient, not inconsistent with sections 51-201 to 51-219 and sections 9 and 11 to 15 of this act.

Sec. 20. Section 51-209, Reissue Revised Statutes of Nebraska, is amended to read:

51-209. All taxes levied or collected and all funds donated or in any way acquired for the erection, maintenance, or support of any public library shall be kept for the use of the library, separate and apart from all other funds of the city, village, county, or township, and shall be drawn upon and paid out by the treasurer of such city, village, county, or township upon vouchers signed by the president of the library board and authenticated by the secretary of such board, and shall not be used or disbursed for any other purpose or in any other manner.

The city, village, county, or township may establish a public

library sinking fund for major capital expenditures.

The county may issue bonds for library purposes pursuant to Chapter 10.

Sec. 21. Section 51-210, Reissue Revised Statutes of Nebraska, is amended to read:

51-210. Every library board created under the provisions of sections 51-201 to 51-219 and sections 9 and 11 to 15 of this act shall have power to purchase or lease grounds, to exercise the power of eminent domain, and to condemn real estate for the purpose of securing a site for a library building. The procedure to condemn property shall be exercised in the manner set forth in sections 76-704 to 76-724.

Sec. 22. Section 51-211, Reissue Revised Statutes of Nebraska, is amended to read:

51-211. (1) The library board shall have the power to erect, lease, or occupy an appropriate building for the use of such library and to appoint a suitable librarian and assistants, to fix their compensation, and to remove such appointees at pleasure. It shall have the power to establish rules and regulations for the government of such library as may be deemed necessary for its preservation and to maintain its usefulness and efficiency. It shall have the power to fix and impose, by general rules, penalties and forfeitures for trespasses upon or injury to the library grounds, rooms, books, or other property, for failure to return any book, or for violation of any bylaw, rule, or regulation and to fix and impose reasonable fees, not to exceed the library's actual cost, for nonbasic services. The board shall have and exercise such power as may be necessary to carry out the spirit and intent of sections 51-201 to 51-219 and sections 9 and 11 to 15 of this act in establishing and maintaining a public library and reading room.

(2) The public library shall make its basic services available without charge to all residents of the political subdivision which supplies its tax support.

(3) No service shall be denied to any person because of race, sex, religion, age, color, national origin, ancestry, physical handicap, or marital status.

Sec. 23. Section 51-414, Reissue Revised Statutes of Nebraska, is amended to read:

51-414. The Nebraska Publications Clearinghouse may enter into depository contracts with any municipal, or county, or regional public library, state college or state university library, and out-of-state research libraries. The requirements for eligibility to contract as a depository library shall be established by the Nebraska Publications Clearinghouse. The standards shall include and take into consideration the type of library, ability to preserve such publications and to make them available for public use, and also such geographical locations as will make the publications conveniently accessible to residents in all areas of the state.

Sec. 24. Section 84-304, Revised Statutes Supplement, 1996, is amended to read:

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 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, (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 the Joint Airport Authorities Act, city or county airport authority, development district, regional council, drainage district, fire protection district, health district, historical society, hospital authority or district, county hospital, irrigation district, regional, county, or municipal library, community mental health center, railroad transportation safety district, rural water district, 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. An examination of any volunteer department as defined in section 35-901 shall not include an examination of the volunteer department trust fund. Whenever the expenditures of a fire protection district are less than one hundred fifty thousand dollars 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 of Public Accounts 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 of Public Accounts 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 of Public Accounts. The Auditor of Public Accounts shall notify the fire protection district in writing of the approval or denial of a request for waiver. The Auditor of Public Accounts shall appoint two assistant deputies (i) whose entire time shall be devoted to the service of the state as directed by the auditor, (ii) who shall be certified public accountants with at least five years' experience, (iii) who shall be selected without regard to party affiliation or to place of residence at the time of appointment, (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 (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 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.

All the audits and examinations conducted by the Auditor of Public Accounts shall be conducted in a timely manner and in accordance with the standards for audits of governmental organizations, programs, activities, and functions published by the Comptroller General of the United States.

Sec. 25. Original sections 51-203 to 51-205, 51-209 to 51-211, and 51-414, Reissue Revised Statutes of Nebraska, and sections 13-501, 13-503, 13-2202, 23-2306, 23-2323.03, 23-2331, 51-201, 51-202, and 84-304, Revised Statutes Supplement, 1996, are repealed.

Sec. 26. The following sections are outright repealed: Sections 51-301 to 51-305, 51-307 to 51-312, 51-315, and 51-317 to 51-319, Reissue Revised Statutes of Nebraska, and sections 51-313, and 51-314, and 51-316, Revised Statutes Supplement, 1996.