

EHB 1676

1 **THE STATE SENATE**
2 **Wednesday, March 26, 2003**

3 **ENGROSSED**
4 **House Bill No. 1676**
5 **As Amended**

6 ENGROSSED HOUSE BILL NO. 1676 - By: BLACKBURN of the House and
7 CRUTCHFIELD of the Senate.

8 **An Act relating to counties and county officers; amending 19**
9 **O.S. 2001, Section 682, as amended by Section 4, Chapter**
10 **232, O.S.L. 2002 (19 O.S. Supp. 2002, Section 682), which**
11 **relates to duties of county officers; modifying amount of**
12 **interest paid to counties on interest bearing accounts in**
13 **certain financial institutions; amending Sections 1402,**
14 **1404, and 1405, which relate to the County Budget Act;**
15 **modifying purpose of the act; modifying definition; removing**
16 **certain accounting record requirements; modifying and**
17 **deleting certain duties of the State Auditor and Inspector;**
18 **amending 19 O.S. 2001, Section 1502, which relates to**
19 **uniform identification and inventory system for county**
20 **supplies; modifying entity responsible for certain duties;**
21 **amending 74 O.S. 2001, Section 214, which relates to uniform**
22 **systems of bookkeeping; removing certain bookkeeping system**
23 **requirement; and providing an effective date.**

24 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

25 SECTION 1. AMENDATORY 19 O.S. 2001, Section 1402, is
26 amended to read as follows:

27 Section 1402. The purpose of this act is to provide a budget
28 procedure for county governments which shall:

29 1. Establish uniform and sound fiscal procedures for the
30 preparation, adoption, execution and control of budgets;

1 2. Enable counties to make financial plans for both current and
2 capital expenditures and to ensure that their executive staffs
3 administer their respective functions in accordance with adopted
4 budgets; and

5 3. Make available to the public and investors sufficient
6 information as to the financial conditions, requirements and
7 expectations of the county government; ~~and~~

8 ~~4. Assist county governments to improve and implement generally~~
9 ~~accepted accounting principles as applied to governmental~~
10 ~~accounting, auditing and financial reporting and standards of~~
11 ~~governmental finance management.~~

12 SECTION 2. AMENDATORY 19 O.S. 2001, Section 1404, is
13 amended to read as follows:

14 Section 1404. As used in ~~this act~~ the County Budget Act:

15 1. "Account" means a columnar record in which are entered the
16 increases and decreases of related monetary transactions and the
17 resulting balance thereof. Accounts are maintained within each
18 fund, classified by categories appropriate thereto;

19 2. "Appropriation" means an authorization and allocation of
20 money to be expended for a given function, activity or particular
21 purpose;

22 3. "Board" means the county budget board created by ~~this act~~
23 the County Budget Act;

1 4. "Budget" means a plan of financial operations for a fiscal
2 year, including an estimate of proposed expenditures for given
3 purposes and the proposed means for financing them. "Budget" may
4 refer to the budget of a particular fund for which a budget is
5 required by law or it may refer collectively to the budget for such
6 funds;

7 5. "Budget summary" means a tabular listing of revenues by
8 source and expenditures by fund and by department within each fund
9 for the budget year;

10 6. "Budget year" means the fiscal year for which a budget is
11 prepared or being prepared;

12 7. "County" means any county government and all its agencies,
13 instrumentalities, departments, offices, boards or commissions,
14 which by resolution of the governing body has elected to come under
15 and comply with all of the provisions and requirements of ~~this act~~
16 the County Budget Act;

17 8. "County officer" means the county clerk, county
18 commissioner, county assessor, district court clerk, county
19 treasurer or county sheriff;

20 9. "Current year" means the year in which the budget is
21 prepared and adopted, i.e., the fiscal year next preceding the
22 budget year;

1 10. "Deficit" means the excess of the liabilities, reserves,
2 including encumbrances, and contributions of a fund over its assets,
3 as reflected by its book of account;

4 11. "Department" means a functional unit within a fund, such as
5 a sheriff's department or a health department;

6 12. "Estimated revenue" means the amount of revenues estimated
7 to be received during the budget year from each source in each fund
8 for which a budget is being prepared. Estimated revenue includes
9 any appropriated fund balance as a separate item in the budget of
10 revenues for a particular fund for the budget year;

11 13. "Fiscal year" means the annual period for reporting fiscal
12 operations, which begins and ends on dates as the Legislature
13 provides;

14 14. "Fund" means an independent fiscal and accounting entity
15 with a self-balancing set of accounts to record cash and other
16 financial resources, together with all liabilities, which are
17 segregated for the purpose of carrying on specific activities or
18 attaining certain objectives, ~~or as otherwise defined in current~~
19 ~~generally accepted accounting principles;~~

20 15. "Fund balance" means the excess of the assets of a fund
21 over its liabilities, reserves, including encumbrances, and
22 contributions, as reflected by its book of account;

1 16. "Governing body" means the board of county commissioners of
2 the county;

3 17. "Immediate prior fiscal year" means the year next preceding
4 the current year;

5 18. "Levy" means to impose ad valorem taxes or the total amount
6 of ad valorem taxes imposed for a specific purpose or for a given
7 entity; and

8 19. "Operating reserve" means that portion of the fund balance
9 which has not been appropriated in a budget year. The "operating
10 reserve" will be equivalent to the "unappropriated fund balance" in
11 any fund for which a budget is prepared.

12 SECTION 3. AMENDATORY 19 O.S. 2001, Section 1405, is
13 amended to read as follows:

14 Section 1405. ~~The accounting records of each county shall be~~
15 ~~established and maintained and financial statements prepared~~
16 ~~therefrom in conformity with generally accepted accounting~~
17 ~~principles promulgated from time to time by authoritative bodies in~~
18 ~~the United States.~~ The State Auditor and Inspector shall prescribe
19 a uniform system of accounting ~~that conforms to generally accepted~~
20 ~~accounting principles~~ for counties which have elected to come under
21 the provisions of ~~this act~~ the County Budget Act. ~~The State Auditor~~
22 ~~and Inspector shall disseminate to each county, through accounting~~

1 ~~manuals or other means, current generally accepted accounting~~
2 ~~principles.~~

3 SECTION 4. AMENDATORY 19 O.S. 2001, Section 1502, is
4 amended to read as follows:

5 Section 1502. A. 1. ~~The State Auditor and Inspector or a~~
6 ~~designated employee of the State Auditor and Inspector's office~~
7 board of county commissioners shall:

8 a. prescribe a uniform identification system for all
9 supplies, materials and equipment of a county used in
10 the construction and maintenance of roads and bridges;
11 and

12 b. create and administer an inventory system for all:
13 (1) equipment of a county having an original cost of
14 Two Hundred Fifty Dollars (\$250.00) or more for
15 use in the construction and maintenance of roads
16 and bridges, and

17 (2) supplies and materials of a county purchased in
18 lots of Five Hundred Dollars (\$500.00) or more
19 for use in the construction and maintenance of
20 roads and bridges.

21 Such person shall be the county road and bridge inventory officer.

22 2. a. In counties having a county budget board created
23 pursuant to ~~Sections~~ Section 1402 et seq. of ~~Title 19~~

1 ~~of the Oklahoma Statutes~~ this title, said board may,
2 upon an affirmative vote of a majority of all the
3 board members then in office, appoint a county road
4 and bridge inventory officer who shall be employed by
5 the county and shall have such duties as are provided
6 in subparagraphs a and b of paragraph 1 of this
7 subsection. ~~In the event the board does not appoint a~~
8 ~~county road and bridge inventory officer the State~~
9 ~~Auditor and Inspector or designee shall be the county~~
10 ~~road and bridge inventory officer.~~ An appointed
11 county road and bridge inventory officer shall be
12 under the general supervision and direction of the
13 appointing authority.

14 b. An appointed county road and bridge inventory officer
15 shall be authorized necessary assistants to carry out
16 the duties and responsibilities provided by law and as
17 may be delegated by the appointing authority.
18 Provided, the employment of such assistants shall be
19 upon the approval of the appointing authority. The
20 salary of the county road and bridge inventory officer
21 and assistants shall be fixed by the appointing
22 authority.

1 c. An appointed county road and bridge inventory officer
2 shall, at the expense of the county, be authorized
3 adequate office space, furnishings, equipment and
4 supplies to carry out the duties and responsibilities
5 of the county road and bridge inventory officer as
6 provided by law and as may be delegated by the
7 appointing authority. Provided, the acquisition of
8 such furnishings, equipment and supplies shall be upon
9 the approval of the appointing authority and the
10 acquisition of office space shall be upon the approval
11 of the board of county commissioners.

12 B. The board of county commissioners shall:

13 1. Prescribe a uniform identification system for all supplies,
14 materials and equipment of a county not used in the construction and
15 maintenance of roads and bridges; and

16 2. Create and administer an inventory system for all:

17 a. equipment of a county having an original cost of Two
18 Hundred Fifty Dollars (\$250.00) or more and not used
19 in the construction and maintenance of roads and
20 bridges, and

21 b. supplies and materials of a county purchased in lots
22 of Five Hundred Dollars (\$500.00) or more and not

1 used in the construction and maintenance of roads and
2 bridges.

3 The board of county commissioners may designate an employee of that
4 office to administer such inventory system.

5 SECTION 5. AMENDATORY 74 O.S. 2001, Section 214, is
6 amended to read as follows:

7 Section 214. The State Auditor and Inspector shall prescribe a
8 uniform system of bookkeeping for the use of all county officials to
9 afford a suitable check upon their mutual acts and ensure a thorough
10 inspection, and to ensure the safety of the state and county funds.

11 ~~He~~ The State Auditor and Inspector shall have full authority to
12 prescribe a system of bookkeeping for all county officers ~~which~~
13 ~~shall be in accordance with generally accepted accounting~~
14 ~~principles, as applied to governmental units, except when in~~
15 ~~conflict with Oklahoma Statutes,~~ and when necessary instruct or
16 cause to be instructed the state and county officers in the proper
17 mode of keeping the accounts. Provided however, when a conflict
18 with Oklahoma Statutes arises concerning accounting systems for
19 those counties utilizing electronic data processing, the county may
20 request in writing that the State Auditor and Inspector approve an
21 alternate accounting procedure. The State Auditor and Inspector
22 shall have the authority to approve or disapprove such requests.
23 Annually, the State Auditor and Inspector shall provide a report of

1 those counties requesting alternate accounting systems to the
2 Speaker of the House of Representatives and the President Pro
3 Tempore of the Senate. The State Auditor and Inspector shall not
4 change any accounting systems or procedures, during the last year of
5 ~~his~~ the term of office of the State Auditor and Inspector, that
6 would have an impact on the ability of any independent licensed
7 public accountant to provide auditing services to such officers. ~~He~~
8 The State Auditor and Inspector shall make a thorough examination of
9 the books, accounts and vouchers of such officers, ascertaining in
10 detail the various items of receipts and expenditures. ~~He~~ The State
11 Auditor and Inspector shall report to the Governor the refusal or
12 neglect of any state or county officer to obey ~~his~~ the instruction
13 of the State Auditor and Inspector. ~~He~~ The State Auditor and
14 Inspector shall make a report of the result of ~~his~~ the examination,
15 which shall be filed in the Office of the State Auditor and
16 Inspector, as well as any failure of duty by any financial officers,
17 and the Governor may cause the result of such examination to be
18 published. Provided, that no county officer shall be required to
19 discard any books or supplies on hand.

20 **SECTION 6. AMENDATORY 19 O.S. 2001, Section 682, as**
21 **amended by Section 4, Chapter 232, O.S.L. 2002 (19 O.S. Supp. 2002,**
22 **Section 682), is amended to read as follows:**

1 Section 682. It shall be the duty of each and every county
2 officer, county board, county commission and all members and
3 employees of either thereof, to deposit daily in the official
4 depository designated in Section 681 of this title, all monies,
5 checks, drafts, orders, vouchers, funds, rentals, penalties, costs,
6 proceeds of sale of property, fees, fines, forfeitures and public
7 charges of every kind received or collected by virtue or under color
8 of office, except that each county officer, county board, and county
9 commission is hereby authorized to keep in the office, from this
10 deposit, no more than One Thousand Five Hundred Dollars (\$1,500.00)
11 to be used for their change needs. The amount so retained shall not
12 be cumulative so that after each such deposit there shall not be on
13 hand more than authorized by this section. A notation of the
14 retention of this money shall be made in the proper accounting
15 records. All checks, drafts, orders and vouchers so deposited shall
16 be credited and cleared at par, and should payment be refused on any
17 check, draft, order or voucher, should the same prove otherwise
18 worthless, the amount thereof and any costs accruing thereon shall
19 be a charge against the account theretofore credited with the same.
20 Each county officer is hereby authorized to assess and collect a fee
21 of Twenty Dollars (\$20.00) for each worthless check, draft, order or
22 voucher. All monies when so received by the county treasurer, as
23 such official depository, shall be deposited in interest-bearing

1 accounts in financial institutions designated and qualified as
2 county depositories as now provided by law and shall draw interest,
3 subject to deduction of financial institution charges for
4 maintaining, processing and collateralizing the account, at a rate
5 ~~of not less than three percent (3%)~~ reasonably comparable to other
6 locally available market rates per annum on average daily balances,
7 which interest shall be paid monthly; and, when collected, shall be
8 credited to the respective funds and accounts so earning the same;
9 provided, that all interest collected on monies deposited pursuant
10 to the provisions hereof shall be paid into the county treasury
11 monthly by the authority to whose financial institution account the
12 same shall have accrued and shall be credited to the general or
13 contingent fund of the county, except that in civil cases all
14 interest earned on funds, other than court costs, deposited in court
15 by litigants shall, when so ordered by the court upon deposit, be
16 disposed of as the court orders. This provision shall only apply to
17 such deposit in excess of One Thousand Dollars (\$1,000.00).

18 SECTION 7. This act shall become effective November 1, 2003.

19 COMMITTEE REPORT BY: COMMITTEE ON GENERAL GOVERNMENT, dated 3-24-03
20 - DO PASS, As Amended.