

"AN ACT TO PROVIDE FOR COUNTY DEPOSITORY BOARDS TO REQUIRE COUNTY OFFICIALS TO INVEST PUBLIC FUNDS TO EARN OPTIMUM INTEREST CONSISTENT WITH THE PRUDENT MAN RULE, TO ALLOW COUNTIES THE AUTHORITY TO REQUIRE COLLATERALIZATION OF PUBLIC FUNDS; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. The Quorum Court of each of the several counties shall by ordinance establish a County Depository Board. The County Depository Board is to be composed of the County Judge, the County Treasurer and County Collector (or the Sheriff when acting as ex officio Tax Collector), or those officials performing the duties of the above officials where an elective county office(s) has been changed in accordance with Amendment 55 of the Arkansas Constitution. The Board shall designate depositories and supervise the depositing of all county funds, and all other public funds held by the County Treasurer, except funds of a school district, and shall also designate depositories and supervise the depositing of all funds collected and held by the County Collector. The Board may also require county officials to settle with the County Treasurer more frequently than required by Arkansas law. As used in this Act, the term "depositories" shall mean those institutions that have been approved for the deposit of public funds in accordance with the provisions of Section 1 of Act 21 of 1935 (Ark. Stats. 13-801).

SECTION 2. County officials are required to make timely investment of public funds in order to earn optimum interest consistent with the prudent man rule for investments as defined by Arkansas law.

SECTION 3. County officials may require the collateralization for the deposit or investment of public funds for amounts not fully insured directly by the United States of America. Public officials may use their sense of awareness of the financial condition of depository institutions being considered for deposits and they may require as a condition for placing deposits or keeping funds on deposit such financial data as they need so as to make an informed decision including but not limited to quarterly financial statements, quarterly profit and loss statements, and tangible net worth (capital) to assets ratios.

SECTION 4. Severability. If any provision of this Act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions of the Act which can be given effect without the invalid provisions or applications, and to this end the provisions of this Act are declared to be severable.

APPROVED: 3/16/87

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