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AN ACT relating to local government finance; increasing the limit on the amount of annual total expenditures for a special district to be eligible to petition for an exemption from certain requirements of the Local Government Budget and Finance Act; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

With certain exceptions, the Local Government Budget and Finance Act prescribes requirements for local governments with respect to: (1) the standard methods and procedures for the preparation, presentation, adoption and administration of budgets; (2) financial plans and fiscal policies for programs of capital expenditures; (3) estimation and determination of revenues, expenditures and tax levies; (4) control of revenues, expenditures and expenses; and (5) methods for informing the public, taxpayers and investors of the financial preparations, plans, policies and administration of the local government. (NRS 354.472) Local governments subject to the Act are required under existing law to file certain budget documents and audit reports with the Department of Taxation. (NRS 354.470-354.626) A special district subject to the Act with annual total expenditures of less than \$200,000 during the current fiscal year and budgeted for the succeeding fiscal year is authorized to petition the Department of Taxation for an exemption for 1 fiscal year from one or more of the following requirements: (1) filing a tentative budget; (2) filing independent audit reports; (3) certain publishing requirements of the Act; and (4) maintenance of its accounting records on an accrual or modified accrual basis. If granted an exemption, the special district is required at a minimum to file an annual budget, fiscal reports and any other documents prescribed by regulation by the Committee on Local Government Finance. (NRS 354.475; NAC 354.010-354.050) In addition, a special district subject to the Act with budgeted annual total expenditures of \$200,000 or more in a fiscal year that reasonably anticipates that its actual annual total expenditures for that fiscal year will be less than \$200,000 is authorized to petition the Department of Taxation for a conditional exemption from the requirement of providing for an annual audit for that fiscal year. Under existing law, a board of county commissioners is authorized to request the Department of Taxation to audit the financial records of a special district that is granted a conditional or other exemption from the requirement of providing for an annual audit. (NRS 354.475) This bill increases from \$200,000 to \$300,000 the limit on the amount of annual total expenditures for a special district to be eligible to file a petition for such a conditional or other exemption from the requirements of the Act.



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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** NRS 354.475 is hereby amended to read as follows:

354.475 1. All special districts subject to the provisions of the Local Government Budget and Finance Act with annual total expenditures of less than ~~1\$200,0001~~ ***\$300,000*** may petition the Department of Taxation for exemption from the requirements of the Local Government Budget and Finance Act for the filing of certain budget documents and audit reports. Such districts may further petition to use a cash basis of accounting.

2. A special district subject to the provisions of the Local Government Budget and Finance Act with budgeted annual total expenditures of ~~1\$200,0001~~ ***\$300,000*** or more in a fiscal year that reasonably anticipates its actual annual total expenditures for that fiscal year will be less than ~~1\$200,0001~~ ***\$300,000*** may petition the Department of Taxation for a conditional exemption from the requirement of providing for an annual audit pursuant to NRS 354.624 for that fiscal year. If the actual annual total expenditures of the special district are ~~1\$200,0001~~ ***\$300,000*** or more, the special district shall provide for an annual audit for that fiscal year.

3. A petition filed with the Department of Taxation:

(a) Pursuant to subsection 1 must be received by the Department of Taxation on or before March 1 to be effective for the succeeding fiscal year; or

(b) Pursuant to subsection 2 must be received by the Department of Taxation on or before March 1 to be effective for the current fiscal year.

4. A board of county commissioners may request the Department of Taxation to audit the financial records of a special district that is exempt from the requirement of providing for an annual audit pursuant to this section.

5. If a petition filed by a special district pursuant to subsection 1 is granted by the Department of Taxation:

(a) The minimum required of the special district is the filing with the Department of Taxation of an annual budget on or before April 15 of each year and the filing of fiscal reports in accordance with NRS 354.6015; and

(b) The special district is exempt from all publication requirements of the Local Government Budget and Finance Act,



except that the Department of Taxation by regulation shall require an annual publication of a notice of budget adoption and filing.

6. The Committee on Local Government Finance shall adopt regulations pursuant to NRS 354.594 which are necessary to carry out the purposes of this section.

7. The revenue recorded in accounts that are kept on a cash basis must consist of cash items.

8. As used in this section, "cash basis" means the system of accounting under which revenues are recorded only when received and expenditures or expenses are recorded only when paid.

**Sec. 2.** This act becomes effective on July 1, 2017.

