

ASSEMBLY BILL NO. 149—COMMITTEE ON
GOVERNMENT AFFAIRS

(ON BEHALF OF THE NEVADA ASSOCIATION OF COUNTIES)

FEBRUARY 17, 2003

Referred to Committee on Government Affairs

SUMMARY—Makes various changes concerning local government
finance. (BDR 31-322)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to local government finance; authorizing a special district to petition the Department of Taxation for a conditional exemption from the requirement of providing for an annual audit under certain circumstances; excepting the receipt by a local government of certain revenue from the prohibition against the expenditure of any money or the incurrence of any liability by the local government in excess of the amounts appropriated for that function; and providing other matters properly relating thereto.

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

1 **Section 1.** NRS 354.475 is hereby amended to read as follows:
2 354.475 1. All special districts subject to the provisions of
3 the Local Government Budget and Finance Act with annual total
4 expenditures of less than \$200,000 may petition the Department of
5 Taxation for exemption from the requirements of the Local
6 Government Budget and Finance Act for the filing of certain budget
7 documents and audit reports. Such districts may further petition to
8 use a cash basis of accounting. ~~[The minimum required of such~~
9 ~~districts is the filing with the Department of Taxation of an annual~~



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1 ~~budget on or before April 15 of each year and the filing of fiscal~~
2 ~~reports in accordance with NRS 354.6015. Such petitions]~~

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

13 3. A petition filed with the Department of Taxation:

14 (a) Pursuant to subsection 1 must be received by the
15 Department of Taxation on or before ~~April 15] March 1~~ to be
16 effective for the succeeding fiscal year ~~[or, in a case of an annual~~
17 ~~audit exemption,]; or~~

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

21 4. A board of county commissioners may request the
22 Department of Taxation to audit the financial records of ~~[such an~~
23 ~~exempt district.~~

24 ~~—2. Such districts are] a special district that is exempt from the~~
25 ~~requirement of providing for an annual audit pursuant to this~~
26 ~~section.~~

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

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

33 (b) The special district is exempt from all publication
34 requirements of the Local Government Budget and Finance Act,
35 except that the Department of Taxation by regulation shall require
36 an annual publication of a notice of budget adoption and filing.

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

40 ~~[3.]~~ 7. The revenue recorded in accounts that are kept on a cash
41 basis must consist of cash items.

42 ~~[4.]~~ 8. As used in this section, “cash basis” means the system
43 of accounting under which revenues are recorded only when
44 received and expenditures or expenses are recorded only when paid.



1 **Sec. 2.** NRS 354.5945 is hereby amended to read as follows:
2 354.5945 1. Except as otherwise provided in subsection 6, on
3 or before July 1 of each year, each local government shall prepare,
4 on a form prescribed by the Department of Taxation for use by local
5 governments, a capital improvement plan for the ensuing 5 fiscal
6 years.
7 2. Each local government ~~must~~ shall submit a copy of the
8 capital improvement plan of the local government to the:
9 (a) Department of Taxation; and
10 (b) Debt management commission of the county in which the
11 local government is located.
12 3. Each local government ~~must~~ shall file a copy of the capital
13 improvement plan of the local government for public record and
14 inspection by the public in the offices of:
15 (a) The clerk or secretary of the governing body; and
16 (b) The county clerk.
17 4. The total amount of the expenditures contained in the capital
18 improvement plan of the local government for the next ensuing
19 fiscal year must equal the total amount of expenditures for capital
20 outlay set forth in the final budget of the local government for each
21 fund listed in that budget.
22 5. The capital improvement plan must reconcile the capital
23 outlay in each fund in the final budget for the first year of the capital
24 improvement plan to the final budget in the next ensuing fiscal year.
25 The reconciliation must identify the minimum level of expenditure
26 for items classified as capital assets in the final budget and the
27 minimum level of expenditure for items classified as capital projects
28 in the capital improvement plan. The reconciliation of capital outlay
29 items in the capital improvement plan must be presented on forms
30 created and distributed by the Department of Taxation.
31 6. Local governments that are exempt from the requirements of
32 the Local Government Budget and Finance Act pursuant to
33 *subsection 1 of* NRS 354.475 are not required to file a capital
34 improvement plan.
35 **Sec. 3.** NRS 354.626 is hereby amended to read as follows:
36 354.626 1. No governing body or member thereof, officer,
37 office, department or agency may, during any fiscal year, expend or
38 contract to expend any money or incur any liability, or enter into
39 any contract which by its terms involves the expenditure of money,
40 in excess of the amounts appropriated for that function, other than
41 bond repayments, medium-term obligation repayments ~~and~~ and any
42 other long-term contract expressly authorized by law. Any officer or
43 employee of a local government who willfully violates NRS
44 354.470 to 354.626, inclusive, is guilty of a misdemeanor, and upon
45 conviction thereof ceases to hold his office or employment.



1 Prosecution for any violation of this section may be conducted by
2 the Attorney General, or, in the case of incorporated cities, school
3 districts or special districts, by the district attorney.

4 2. Without limiting the generality of the exceptions contained
5 in subsection 1, the provisions of this section specifically do not
6 apply to:

7 (a) Purchase of coverage and professional services directly
8 related to a program of insurance which require an audit at the end
9 of the term thereof.

10 (b) Long-term cooperative agreements as authorized by chapter
11 277 of NRS.

12 (c) Long-term contracts in connection with planning and zoning
13 as authorized by NRS 278.010 to 278.630, inclusive.

14 (d) Long-term contracts for the purchase of utility service such
15 as, but not limited to, heat, light, sewerage, power, water and
16 telephone service.

17 (e) Contracts between a local government and an employee
18 covering professional services to be performed within 24 months
19 following the date of such contract or contracts entered into between
20 local government employers and employee organizations.

21 (f) Contracts between a local government and any person for the
22 construction or completion of public works, money for which has
23 been or will be provided by the proceeds of a sale of bonds,
24 medium-term obligations or an installment-purchase agreement and
25 that are entered into by the local government after:

26 (1) Any election required for the approval of the bonds or
27 installment-purchase agreement has been held;

28 (2) Any approvals by any other governmental entity required
29 to be obtained before the bonds, medium-term obligations or
30 installment-purchase agreement can be issued have been obtained;
31 and

32 (3) The ordinance or resolution that specifies each of the
33 terms of the bonds, medium-term obligations or installment-
34 purchase agreement, except those terms that are set forth in
35 ~~paragraphs (a) to (e), inclusive, of~~ subsection 2 of NRS 350.165,
36 has been adopted.

37 Neither the fund balance of a governmental fund nor the equity
38 balance in any proprietary fund may be used unless appropriated in
39 a manner provided by law.

40 (g) Contracts which are entered into by a local government and
41 delivered to any person solely for the purpose of acquiring supplies,
42 services and equipment necessarily ordered in the current fiscal year
43 for use in an ensuing fiscal year ~~and~~ and which, under the method of
44 accounting adopted by the local government, will be charged against
45 an appropriation of a subsequent fiscal year. Purchase orders



1 evidencing such contracts are public records available for inspection
2 by any person on demand.

3 (h) Long-term contracts for the furnishing of television or FM
4 radio broadcast translator signals as authorized by NRS 269.127.

5 (i) The receipt and proper expenditure of money received
6 pursuant to a grant awarded by an agency of the Federal
7 Government.

8 (j) The incurrence of obligations beyond the current fiscal year
9 under a lease or contract for installment purchase which contains a
10 provision that the obligation incurred thereby is extinguished by the
11 failure of the governing body to appropriate money for the ensuing
12 fiscal year for the payment of the amounts then due.

13 *(k) The receipt by a local government of increased revenue*
14 *that:*

15 *(1) Was not anticipated in the preparation of the final*
16 *budget of the local government; and*

17 *(2) Is required by statute to be remitted to another*
18 *governmental entity.*

19 **Sec. 4.** This act becomes effective on July 1, 2003.

