Assembly Bill No. 368–Committee on Education

CHAPTER........

AN ACT relating to education; requiring that the annual audit of certain school districts include an audit of expenditures relating to the design, construction, acquisition and renovation of school facilities and grounds; requiring certain school districts to develop and adopt a policy to renovate or reconstruct certain school facilities; requiring a certain school district to establish a pilot program for replacing schools; authorizing the use of certain proceeds of bonds for the pilot program; requiring the submission of an interim report concerning the progress of the pilot program; and providing other matters properly relating thereto.

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

Section 1. NRS 354.624 is hereby amended to read as follows:

354.624 1. Each local government shall provide for an annual audit of all of its:

(a) Funds;

(b) Account groups; and

(c) Separate accounts established pursuant to NRS 354.603.

A local government may provide for more frequent audits as it deems necessary. Except as otherwise provided in subsection 2, each annual audit must be concluded and the report of the audit submitted to the governing body as provided in subsection 5 not later than 5 months after the close of the fiscal year for which the audit is conducted. An extension of this time may be granted by the department of taxation to any local government that submits an application for an extension to the department. If the local government fails to provide for an audit in accordance with the provisions of this section, the department of taxation shall cause the audit to be made at the expense of the local government. All audits must be conducted by a public accountant who is certified or registered or by a partnership or professional corporation that is registered pursuant to chapter 628 of NRS.

2. The annual audit of a school district must ~~[be]~~ ***:***

(a) Be concluded and the report submitted to the board of trustees as provided in subsection 5 not later than 4 months after the close of the fiscal year for which the audit is conducted.

(b) If the school district has more than 150,000 pupils enrolled, include an audit of the expenditure by the school district of all public money used:

(1) To design, construct or purchase new buildings for schools or related facilities;

(2) To enlarge, remodel or renovate existing buildings for schools or related facilities; and

(3) To acquire sites for building schools or related facilities, or other real property for purposes related to schools.

3. The governing body may, without requiring competitive bids, designate the auditor or firm annually. The auditor or firm must be designated not later than 3 months before the close of the fiscal year for which the audit is to be made.

4. Each annual audit must cover the business of the local government during the full fiscal year. It must be a financial audit conducted in accordance with generally accepted auditing standards, including comment on compliance with statutes and regulations, recommendations for improvements and any other comments deemed pertinent by the auditor, including his expression of opinion on the financial statements. The department of taxation shall prescribe the form of the financial statements, and the chart of accounts must be as nearly as possible the same as the chart that is used in the preparation and publication of the annual budget. The report of the audit must include:

(a) A schedule of all fees imposed by the local government which were subject to the provisions of NRS 354.5989;

(b) A comparison of the operations of the local government with the approved budget, including a statement from the auditor that indicates whether the governing body has taken action by adoption as recommended, by adoption with modifications or by rejection on any deficiencies in operations and recommendations for improvements which were noted or made in previous reports;

(c) A statement from the auditor that indicates whether each of the following funds established by the local government is being used expressly for the purposes for which it was created, in the form required by NRS 354.6241:

(1) An enterprise fund.

(2) An internal service fund.

(3) A trust or agency fund.

(4) A self-insurance fund.

(5) A fund whose balance is required by law to be:

(I) Used only for a specific purpose other than the payment of compensation to a bargaining unit, as defined in NRS 288.028; or

(II) Carried forward to the succeeding fiscal year in any designated amount; and

(d) A list and description of any property conveyed to a nonprofit organization pursuant to NRS 244.287 or 268.058.

5. The recommendations and the summary of the narrative comments contained in the report of the audit must be read in full at a meeting of the governing body held not more than 30 days after the report is submitted to it. Immediately thereafter, the entire report, together with any related letter to the governing body required by generally accepted auditing standards or by regulations adopted pursuant to NRS 354.594, must be filed as a public record with:

(a) The clerk or secretary of the governing body;

(b) The county clerk

;

(c) The department of taxation; and
(d) In the case of a school district, the department of education.
6. The governing body shall act upon the recommendations of the report of the audit within 3 months after receipt of the report, unless prompter action is required concerning violations of law or regulation, by setting forth in its minutes its intention to adopt the recommendations, to adopt them with modifications or to reject them for reasons shown in the minutes.

Sec. 2. Chapter 393 of NRS is hereby amended by adding thereto a new section to read as follows:

A school district that has more than 150,000 pupils enrolled shall develop and adopt a policy concerning the renovation or reconstruction of older buildings for schools or related facilities. As part of the policy, consideration must be given to the relative advantages and disadvantages of the renovation or reconstruction of older buildings for schools or related facilities as compared to the design, construction or purchase of new buildings for schools or related facilities. The policy must include, without limitation, guidelines for use by the board of trustees in determining whether older buildings should be renovated or reconstructed or whether new buildings to replace those older buildings should be constructed or purchased.

Sec. 3. 1. The legislature hereby finds and declares that:
(a) The deterioration of school facilities has become a grave concern in this state;
(b) The local governments in the various portions of the state are currently faced with unique financial problems resulting from a variety of situations because in some local governments the population is rapidly increasing whereas in others the population is generally declining;
(c) Some local governments are still attempting to rehabilitate schools that were built around the turn of the last century and others cannot build new schools quickly enough to meet the needs of the children in the district; and
(d) Because of the unique variety of problems facing the local governments of this state a general law cannot be made applicable to ensure that children in more densely populated urban areas are provided with a safe environment which encourages learning.
2. The board of trustees of the Clark County School District shall establish a pilot program to replace schools. The school district may use an amount not to exceed $15 million from the proceeds of the bonds issued pursuant to subsection 3 or 4 of NRS 350.020 to:
(a) Evaluate older schools within the district to determine the need for renovation or reconstruction of those schools in furtherance of section 2 of this act; and
(b) Reconstruct one existing elementary school designated by the board of trustees from among the three schools analyzed in 1998 by the board of trustees in the study entitled "Rehab vs. Replacement Study/Phase

Analysis." The board of trustees, upon designating the school to be reconstructed, shall with all deliberate speed commence the reconstruction of the designated school with a planned completion date of July 1, 2001.

3. The purpose of this section is to provide authority to expend the proceeds of the bonds issued pursuant to subsection 3 or 4 of NRS 350.020 for reconstruction that is additional to and does not replace, repeal or limit any existing authority to so expend such proceeds.

4. On or before February 1, 2001, the Clark County School District shall submit to the director of the legislative counsel bureau for transmission to the 71st session of the Nevada legislature an interim report regarding the pilot program to replace schools. The report must include, without limitation, the progress of the effort to evaluate the older schools conducted pursuant to paragraph (a) of subsection 2 of this section and the progress of the reconstruction of the designated elementary school.

Sec. 4. This act becomes effective on July 1, 1999.

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