

Amendment No. 253

Assembly Amendment to Assembly Bill No. 371

(BDR 31-605)

Proposed by: Committee on Government Affairs**Amendment Box:****Resolves Conflicts with:** N/A**Amends:** Summary: Yes Title: Yes Preamble: No Joint Sponsorship: No Digest: No

Adoption of this amendment will MAINTAIN a 2/3s majority vote requirement for final passage of AB371 (§ 7).

ASSEMBLY ACTION	Initial and Date	SENATE ACTION	Initial and Date
Adopted <input type="checkbox"/> Lost <input type="checkbox"/>	_____	Adopted <input type="checkbox"/> Lost <input type="checkbox"/>	_____
Concurred In <input type="checkbox"/> Not <input type="checkbox"/>	_____	Concurred In <input type="checkbox"/> Not <input type="checkbox"/>	_____
Receded <input type="checkbox"/> Not <input type="checkbox"/>	_____	Receded <input type="checkbox"/> Not <input type="checkbox"/>	_____

Amend the bill as a whole by renumbering sections 1 through 6 as sections 3 through 8 and adding new sections designated sections 1 and 2, following the enacting clause, to read as follows:

“Section 1. NRS 353.325 is hereby amended to read as follows:

353.325 **1.** Each state agency, within 10 days after receiving an audit report pertaining to that agency, including a management letter and the agency’s reply, shall submit one copy of the audit report to:

~~{1.}~~ (a) The Chief of the Budget Division of the Department of Administration ~~{2.}~~
~~—2.}~~;

(b) The State Controller ~~{3.}~~
~~—3.}~~; *and*

MSM/EGO

Date: 4/25/2005

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(c) The Legislative Auditor.

2. The audit report, including, without limitation, the opinion and findings of the auditor contained in the audit report, may be disseminated by or on behalf of the state agency for which the report was prepared by inclusion, without limitation, in or on:

(a) An official statement or other document prepared in connection with the offering of bonds or other securities;

(b) A filing made pursuant to the laws or regulations of this State;

(c) A filing made pursuant to a rule or regulation of the Securities and Exchange Commission of the United States; or

(d) A website maintained by a state agency on the Internet or its successor,

↪ without the consent of the auditor who prepared the audit report. A provision of a contract entered into between an auditor and a state agency that is contrary to the provisions of this subsection is against the public policy of this State and is void and unenforceable.

Sec. 2. 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 financial statements. 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 6 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 certified public accountant 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:

(a) Be concluded and the report submitted to the board of trustees as provided in subsection 6 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 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, and notification of the auditor or firm designated must be sent to the Department of Taxation 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 in the United States, including findings on compliance with statutes and regulations and an 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 on the audit report for the prior year; and

(c) If the local government is subject to the provisions of NRS 244.186, a report showing that the local government is in compliance with the provisions of paragraphs (a) and (b) of subsection 1 of NRS 244.186.

5. Each local government shall provide to its auditor:

(a) A statement indicating 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 fiduciary 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.

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

(c) If the local government is subject to the provisions of NRS 244.186, a declaration indicating that the local government is in compliance with the provisions of paragraph (c) of subsection 1 of NRS 244.186.

6. The opinion and findings of the auditor contained in the report of the audit must be presented 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 the management letter required by generally accepted auditing standards in the United States 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.

7. *The report of the audit, including, without limitation, the opinion and findings of the auditor contained in the report of the audit, may be disseminated by or on behalf of the local government for which the report was prepared by inclusion, without limitation, in or on:*

- (a) An official statement or other document prepared in connection with the offering of bonds or other securities;*
- (b) A filing made pursuant to the laws or regulations of this State;*
- (c) A filing made pursuant to a rule or regulation of the Securities and Exchange Commission of the United States; or*
- (d) A website maintained by a local government on the Internet or its successor,*

↪ *without the consent of the auditor who prepared the report of the audit. A provision of a contract entered into between an auditor and a local government that is contrary to the provisions of this subsection is against the public policy of this State and is void and unenforceable.*

8. If an auditor finds evidence of fraud or dishonesty in the financial statements of a local government, the auditor shall report such evidence to the appropriate level of management in the local government.

~~[8-]~~ 9. 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.”.

Amend section 1, page 2, by deleting lines 34 and 35 and inserting:

“Exchange Commission ~~[and]~~, *has been* approved by the State Board of Finance ~~[.]~~ *pursuant to subsection 4 and has entered into a contract with the State Treasurer relating to the purchase and investment of securities.*”.

Amend sec. 2, page 3, by deleting line 10 and inserting:

“local government or a *qualified* bank ~~[, as provided in subsection 2,]~~ *or trust*,”.

Amend sec. 2, page 3, line 19, before “to” by inserting “*or trust*”.

Amend sec. 2, page 3, lines 21 and 27, after “*bank*” by inserting “*or trust*”.

Amend sec. 2, page 3, line 30, after “bank” by inserting “*or trust*”.

Amend sec. 2, page 3, by deleting lines 36 through 41 and inserting:

“4. For the purposes of this section, a bank or trust is qualified to hold securities for a local government if the bank or trust is rated by a nationally recognized rating service as “AA” or its equivalent, or better.”.

Amend sec. 5, page 6, by deleting line 23 and inserting:

“(b) Ten percent of the next ~~[\$2,000]~~ **\$10,000** of the excess”.

Amend sec. 6, page 6, by deleting line 40 and inserting:

“Sec. 8. 1. This section and sections 1 and 2 of this act become effective upon passage and approval.

2. Sections 3 to 7, inclusive, of this act become effective on July 1, 2005.”.

Amend the title of the bill to read as follows:

“AN ACT relating to public financial administration; authorizing the dissemination of certain reports of audits of state agencies and local governments without the consent of the auditor; providing criteria for the approval of investment advisers to make certain investments for local governments; authorizing certain banks and trusts to hold certain securities on behalf of local governments under certain circumstances; establishing requirements for agreements to locate, deliver, recover or assist in the recovery of certain property held in trust by a county treasurer; providing that a deed made to the county treasurer as trustee for the State and county is, except as against actual fraud, conclusive evidence of certain matters; increasing the payment to the county general fund from the proceeds of the sale of properties for delinquent taxes; and providing other matters properly relating thereto.”.

Amend the summary of the bill to read as follows:

“SUMMARY—Makes various changes concerning public financial administration. (BDR 31-605)”.