

LCB File No. R072-05

**PROPOSED REGULATION OF THE COMMITTEE
ON LOCAL GOVERNMENT FINANCE**

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

AUTHORITY: NRS 354.107, NRS 354.624(4)

Chapter 354 of the NAC is hereby amended by adding thereto the provisions set forth as section 1 of this regulation.

Section 1. *Exemption from use of the GASB 34 reporting model; exemption from the audit management discussion and analysis.*

1. The local government entity (entity) must use the Governmental Accounting Standards Board Statement 34 (GASB 34) reporting model to fulfill the audit requirements of NRS 354.624 (4) unless the entity receives approval from the Department to use an alternative reporting model. The Department may grant a request for exemption from the GASB 34 reporting model if:

a.) The entity has expenditures less than \$500,000;
b.) The entity is not a component unit of another local government; and
c.) The alternative reporting model is otherwise sufficiently comprehensive, comparable, and includes an equivalent of the Required Supplemental Information (RSI) mandated by GASB-34.

2. A local government entity must include a Management Discussion and Analysis (MD&A) with the audit document, unless the entity receives approval from the Department to omit the MD&A. The Department may grant a request to omit the MD&A if:

a.) The entity has expenditures less than \$1,000,000;
b.) The entity is not a component unit of another local government; and
c.) The entity shows to the satisfaction of the Department that completion of an MD&A would impose a hardship.

3. Entities receiving approval to use an alternative reporting model shall not be required to submit a plan of corrective action if the independent auditing firm of a local government entity provides a qualified opinion as a result of the failure of the entity to use the GASB 34 reporting model.

4. Any decision of the Department to deny a petition to use an alternative reporting model or omit an MD&A may be appealed to the Committee on Local Government Finance.