

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

LCB File No. R072-05

July 21, 2005

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

AUTHORITY: §1, NRS 354.107 and 354.624.

A REGULATION relating to local government finance; establishing certain requirements for the annual audit of the financial statements of a local government; adopting certain materials by reference; providing certain exceptions; and providing other matters properly relating thereto.

Section 1. Chapter 354 of NAC is hereby amended by adding thereto a new section to read as follows:

1. Except as otherwise provided in this section, in providing for an annual audit of all its financial statements as required pursuant to NRS 354.624, a local government shall comply with the provisions of Statement No. 34 of the Governmental Accounting Standards Board, 1999 edition, and any subsequent edition issued by the Governmental Accounting Standards Board which has been approved by the Committee for use in this State and which is hereby adopted by reference. Each new edition shall be deemed approved by the Committee unless the edition is disapproved by the Committee within 60 days after the date of publication by the Governmental Accounting Standards Board. The Committee will review each edition issued after the 1999 edition to ensure its suitability for this State. The most recent edition may be obtained from the Governmental Accounting Standards Board:

(a) *By mail at the Governmental Accounting Standards Board, 401 Merritt 7, P.O. Box 5116, Norwalk, Connecticut 05856-5116;*

(b) *By telephone at (800) 748-0659; or*

(c) *On the Internet at <<http://store.yahoo.com/gasbpubs/g34.html>>,*

↪at a cost of \$15.50.

2. *The Department may allow a local government to use a method of providing for an annual audit of all its financial statements as required pursuant to NRS 354.624 that is an alternative to the provisions of Statement No. 34 if the local government:*

(a) *Has annual expenditures less than \$500,000;*

(b) *Is not a component of another local government; and*

(c) *Uses a method of providing for the annual audit which is determined by the*

Department to be sufficiently comprehensive and comparable to the provisions of Statement No. 34 and which includes information that is equivalent to the Required Supplemental Information as required by Statement No. 34.

3. *A local government shall include a Management's Discussion and Analysis as set forth in Statement No. 34 with its annual audit unless the local government receives approval from the Department to omit the Management's Discussion and Analysis. The Department may approve a request to omit the Management's Discussion and Analysis if the local government:*

(a) *Has annual expenditures less than \$1,000,000;*

(b) *Is not a component of another local government; and*

(c) *Shows to the satisfaction of the Department that the completion of the Management's Discussion and Analysis would impose a hardship on the local government.*

4. The Department shall not require a local government which receives approval to use an alternative method of providing for an annual audit pursuant to subsection 2 or which receives approval to omit the Management's Discussion and Analysis pursuant to subsection 3 to submit a plan of corrective action if the local government receives a qualified opinion from the person who conducts the annual audit and the qualified opinion is only a result of the local government using the alternative method pursuant to subsection 2 or omitting the Management's Discussion and Analysis pursuant to subsection 3.

5. A local government may appeal a decision of the Department made pursuant to this section to the Committee.