

NOTICE OF MEETING

The Audit Committee Meeting of the Incline Village General Improvement District will be held starting at **5:00 p.m.** on **Tuesday, September 1, 2020** at the Boardroom, 893 Southwood Boulevard, Incline Village, Nevada.

In compliance with State of Nevada Executive Department, Declaration of Emergency Directive 006, 016, 018, and 021, this meeting is closed to the public and attendance is limited to members of the Board of Trustees and essential staff. Public comment is allowed and the public is welcome to make their public comment either via e-mail (please send your comments to info@ivgid.org by 2:30 p.m. on Tuesday, September 1, 2020) or via telephone (the telephone number will be posted to our website on the day of the meeting).

- A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*
Derrek Aaron (At-Large Member), Matthew Dent (Trustee, Chair), Cliff Dobler (At-Large Member), Sara Schmitz (Trustee), and Raymond Tulloch (At-Large Member)
- B. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration.
- C. APPROVAL OF AGENDA (*for possible action*)

The Audit Committee may make a motion for a flexible agenda which is defined as taking items on the agenda out of order; combining agenda items with other agenda items; removing items from the agenda; moving agenda items to an agenda of another meeting, or voting on items in a block.

-OR-

The Audit Committee may make a motion to accept and follow the agenda as submitted/posted.

- D. GENERAL BUSINESS ITEM (*for possible action*)
 - 1. Review with Audit Committee, long range calendar (Requesting Trustee: Audit Committee Chairman Matthew Dent) – **page 3**
 - 2. Review, discuss and possibly make a recommendation to the Board of Trustees to allocate funding and approve a proposal for the analysis and recommendations related to Enterprise (proprietary) vs. Special Revenue (governmental) fund accounting, Central Services cost allocations, punch card accounting for the Community Services and Beach Funds, and the capitalization of consulting and repairs for all of the District's Governmental and Proprietary Funds (Requesting Trustee: Audit Committee Member Sara Schmitz) – **page 4 - 110**
 - 3. Review, discuss, and possibly take action related to the following communications that have been received and are included:
 - a. April 2, 2020 e-mail communication regarding Dillon's Rule from Ms. Diane Heirshberg and May 2, 2020 e-mail communication from Attorney General Opinion (dated 2005) from Joy Gumz (13 pages) – **pages 111 - 132**
 - i. Update/Response (Requesting Member: District Legal Counsel Joshua Nelson)

Incline Village General Improvement District

Incline Village General Improvement District is a fiscally responsible community partner which provides superior utility services and community oriented recreation programs and facilities with passion for the quality of life and our environment while investing in the Tahoe basin.

893 Southwood Boulevard, Incline Village, Nevada 89451 • (775) 832-1100 • FAX (775) 832-1122

www.yourtahoeplace.com

NOTICE OF MEETING

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- b. August 7, 2020 e-mail communication asking Is IVGID Improperly Using the District's Ad Valorem Taxes? from Aaron Katz (2 pages) – **pages 133 - 134**

- E. APPROVAL OF MEETING MINUTES (for possible action)
 - 1. Audit Committee Meeting Minutes of August 19, 2020 – **pages 135 - 153**

- F. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration.

- G. ADJOURNMENT (*for possible action*)

CERTIFICATION OF POSTING OF THIS AGENDA

I hereby certify that on or before Thursday, August 27, 2020, at 9:00 a.m., a copy of this agenda (Audit Committee Session of September 1, 2020) was delivered to the post office addressed to the people who have requested to receive copies of IVGID's agendas; copies were either faxed or e-mailed to those people who have requested; and a copy was posted at the following six locations within Incline Village/Crystal Bay in accordance with NRS 241.020:

- 1. IVGID Anne
- 2. Incline Village Post
- 3. Crystal Bay Post
- 4. Raley's Shopping
- 5. Incline Village
- 6. IVGID's Recreation

**SUSPENDED – STATE OF NEVADA
EXECUTIVE DEPARTMENT,
DECLARATION OF EMERGENCY,
DIRECTIVE 006 (SECTION 3), 016,
018 and 021**

- Vorderbruggen Building (Administrative Offices)
Office
- Office
Center
- Branch of Washoe County Library
Center

/s/ Susan A. Herron, CMC

Susan A. Herron, CMC

Clerk to the Board of Trustees (e-mail: sah@ivgid.org/phone # 775-832-1207)

Audit Committee Members: Derrek Aaron (At-Large Member), Matthew Dent (Trustee, Chair), Cliff Dabler (At-Large Member), Sara Schmitz (Trustee), and Raymond Tulloch (At-Large Member)

Notes: Items on the agenda may be taken out of order; combined with other items; removed from the agenda; moved to the agenda of another meeting; moved to or from the Consent Calendar section; or may be voted on in a block. Items with a specific time designation will not be heard prior to the stated time, but may be heard later. Those items followed by an asterisk (*) are items on the agenda upon which the Board of Trustees will take no action. Members of the public who are disabled and require special accommodations or assistance at the meeting are requested to call IVGID at 832-1100 at least 24 hours prior to the meeting. Copies of the packets containing background information on agenda items are available for public inspection at the Incline Village Library.

IVGID'S agenda packets are now available at IVGID's web site, www.yourtahoeplace.com; go to "Board Meetings and Agendas". A hard copy of the complete agenda packet is also available at IVGID's Administrative Offices located at 893 Southwood Boulevard, Incline Village, Nevada, 89451.

DATE	DAY OF THE WEEK	TIME	LOCATION	TYPE OF MEETING - 2020	COMPLETED MEMORANDUMS WITH ALL BACK UP MATERIALS FOR AGENDA ITEMS FROM BOARD MEMBERS DUE DATES	ITEMS SLATED FOR CONSIDERATION
09/09	Wednesday	6 p.m.	Southwood – VIRTUAL	Regular Board Meeting	08/31/2020 8 a.m.	Workshop on Punch Cards General Manager Status Report POSSIBLE CLOSED SESSION FOR UNION NEGOTIATIONS – Determination to be made by Director of Human Resources Dee Carey (5:00 p.m. to 5:45 p.m.)
09/30	Wednesday	6 p.m.	Southwood – VIRTUAL	Regular Board Meeting	09/21/2020 8 a.m.	Burnt Cedar CMAR Contract Export Project Manager Review, discuss, and move forward with the selected preferred alternative for the Ski Way and Diamond Peak Parking Lot Reconstruction Project Revisit rebate item (from 08/12/2020) Finalize allocation of the fund balances to specific projects (from 08/12/2020) Review, discuss and possibly approve changes to the District General Manager's Job Description (Requesting Trustee: Chairman Tim Callicrate) Board Policy 7.1.0 and Board Practice 7.2.0 (Trustee Dent) (Navazio) POSSIBLE CLOSED SESSION FOR UNION NEGOTIATIONS – Determination to be made by Director of Human Resources Dee Carey (5:00 p.m. to 5:45 p.m.)
			Southwood – VIRTUAL	Audit Committee Meeting		
10/14	Wednesday	6 p.m.	Southwood – VIRTUAL	Regular Board Meeting	10/05/2020 8 a.m.	POSSIBLE CLOSED SESSION FOR UNION NEGOTIATIONS – Determination to be made by Director of Human Resources Dee Carey (5:00 p.m. to 5:45 p.m.)
10/28	Wednesday	6 p.m.	Southwood – VIRTUAL	Regular Board Meeting	10/19/2020 8 a.m.	POSSIBLE CLOSED SESSION FOR UNION NEGOTIATIONS – Determination to be made by Director of Human Resources Dee Carey (5:00 p.m. to 5:45 p.m.)
			Southwood – VIRTUAL	Audit Committee Meeting		
11/11	Wednesday	6 p.m.	Southwood – VIRTUAL	Regular Board Meeting	11/02/2020 8 a.m.	Review of the Watermain Project (see award made on 06/23/2020)
11/25	Wednesday	6 p.m.	Southwood – VIRTUAL	Regular Board Meeting	11/16/2020 8 a.m.	Typically cancelled
			Southwood – VIRTUAL	Audit Committee Meeting		
12/09	Wednesday	6 p.m.	Southwood – VIRTUAL	Regular Board Meeting	11/30/2020 8 a.m.	Review of the Washpad Project (see award made on 06/23/2020)
12/30	Wednesday	6 p.m.	Southwood – VIRTUAL	Regular Board Meeting	12/21/2020 8 a.m.	Typically cancelled

DATE	DAY OF THE WEEK	TIME	LOCATION	TYPE OF MEETING - 2021	COMPLETED MEMORANDUMS WITH ALL BACK UP MATERIALS FOR AGENDA ITEMS FROM BOARD MEMBERS DUE DATES	ITEMS SLATED FOR CONSIDERATION
01/13	Wednesday	6 p.m.		Regular Board Meeting		
01/27	Wednesday	6 p.m.		Regular Board Meeting		
02/10	Wednesday	6 p.m.		Regular Board Meeting		
02/24	Wednesday	6 p.m.		Regular Board Meeting		
03/10	Wednesday	6 p.m.		Regular Board Meeting		
03/24	Wednesday	6 p.m.		Regular Board Meeting		
04/14	Wednesday	6 p.m.		Regular Board Meeting		
04/28	Wednesday	6 p.m.		Regular Board Meeting		
05/12	Wednesday	6 p.m.		Regular Board Meeting		
05/26	Wednesday	6 p.m.		Regular Board Meeting		

Items sitting in the parking lot (to be discussed but (a) not yet scheduled for a specific Regular Board Meeting) or (b) a future Board not on this calendar

RFID Picture Passes – Item for next Strategic Plan or three years from now – software not available nor is infrastructure/hardware

TRPA EIS Contract at Diamond Peak

Split Ordinance 7 (allow 45 days ahead of action)

Enterprise vs special revenue accounting

Policy 3.1.0 – contract authorization levels including GM which ties to the Trustee handbook

Trustee handbook

General Manager's job description clean up

Utility Rate adjustments (fee schedules) – pushed out from the April 14, 2020 meeting

Contract Award for Human Resources, Payroll and Financial Software

*Budget approval is required after the third Monday however whatever date is selected, a 10-day notice must be given. Must accomplished no later than June 1, 2021.

MEMORANDUM

TO: Audit Committee

THROUGH: Matthew Dent, Audit Committee Chair

FROM: Sara Schmitz

SUBJECT: Review, discuss and possibly make a recommendation to the Board of Trustees to allocate funding and approve a proposal for the analysis and recommendations related to Enterprise (proprietary) vs. Special Revenue (governmental) fund accounting, Central Services cost allocations, punch card accounting for the Community Services and Beach Funds, and the capitalization of consulting and repairs for all of the District's Governmental and Proprietary Funds.

STRATEGIC

PLAN REFERENCE(S): Rather than Strategic Plan, this relates to Policy 2.1.0 Budgeting and Fiscal Management, Resolution 1838, Policy 6.1.0, Policy 9.1.0, Practice 2.9.0, Policy 18.1.0 as well as NRS 318, NRS 354 and GASB 34 Paragraph 67c

DATE: 8/25/2020

I. RECOMMENDATION

The Audit Committee makes a motion to recommend the Board of Trustees appropriate funding and approve a proposal for the services of an external accounting firm to assess and make recommendations related to the District's form of accounting (Enterprise vs. Special Revenue), Central Services cost allocations, capitalization of costs and policy, and punch card accounting.

II. BACKGROUND

Enterprise vs. Governmental Accounting

Since its inception, the District used Enterprise Fund Accounting for the Community Services and Beach Funds until 2015 when a change was made to account and report these Funds as governmental Special Revenue, Capital Project and Debt Service Funds. There are have been questions brought to the

Review, discuss and possibly make a recommendation to the Board of Trustees to allocate funding and approve a proposal for the analysis and recommendations related to Enterprise (proprietary) vs. Special Revenue (governmental) fund accounting, Central Services cost allocations, punch card accounting for the Community Services and Beach Funds, and the capitalization of consulting and repairs for all of the District's Governmental and Proprietary Funds.

Audit Committee regarding the appropriateness of this change. The question stems from the method of the District's collection of annual Recreation and Beach Standby Service and Availability of Use Fees as well as charges for services and how that relates to the language under GASB 34 Paragraph 67(c).

Central Services Cost Allocations with Governmental Accounting

With the change to Special Revenue (governmental) accounting for the Community Services and Beach Funds, it brought forth another concern regarding the District's Central Services Cost Allocations. District Policies were not updated to accurately reflect the changes until recently. The Audit Committee has received letters questioning the legality of central services cost allocations for the governmental funds due to the fact NRS 354.613(c) only references to Enterprise Funds.

Punch Card Accounting

The method of accounting for punch card utilization has been brought to the Audit Committee as an area of concern due to the method of transferring funds from the Community Services Special Revenue Fund to the Beach Special Revenue fund. The method of revenue recognition at recreational and beach venues and subsequent contra revenue accounting has not been Board approved nor has a policy or practice been developed. The revenues related to the up to 5 punch cards per parcel are booked with the collection of the Recreation and Beach Facility Fees.

Capitalization Policy and Implementation

Over the years, the District has been capitalizing costs related to consulting fees for master plans and repairs made to the effluent pipeline. The policy and practice for capitalization are inconsistent and therefore need updating. The Audit Committee has been asked to evaluate the capitalization which may have impacts related to past CAFRs where significant expenditures were capitalized.

Approach

These questions have been outstanding with the prior Audit Committee for years. With a new General Manager, Director of Finance and Audit Committee it is an opportunity to bring the questions to closure. It was agreed that by hiring an outside accounting firm to analyze the questions and background information and where appropriate review our existing policies and practices, the independent recommendations would bring the District together with a common understanding and direction for the future of District financial accounting and reporting.

Review, discuss and possibly make a recommendation to the Board of Trustees to allocate funding and approve a proposal for the analysis and recommendations related to Enterprise (proprietary) vs. Special Revenue (governmental) fund accounting, Central Services cost allocations, punch card accounting for the Community Services and Beach Funds, and the capitalization of consulting and repairs for all of the District's Governmental and Proprietary Funds.

III. BID RESULTS

This is a professional services proposal which does not require the bidding process.

IV. FINANCIAL IMPACT AND BUDGET

While there is a cost associated with the various proposals, there is also a cost and risk to the District to continue operating as it has in the past. The goal is to get the District on the right path for financial reporting, cost allocations and capitalization.

Depending on the outcome, the District may be required to restate past CAFRs which would also have associated costs.

V. ALTERNATIVES

There are two options. First, would be to obtain additional proposals. The second would be for the Audit Committee and management to reach consensus on the issues identified. Since these questions have been outstanding and ongoing for years, these may not be the best alternatives for the District.

VI. COMMENTS

By obtaining an outside independent opinion on the issues, the Director of Finance will have clear direction for changes to be made to the financial reporting, accounting methods and capitalization.

VII. STRATEGIC PLAN REFERENCE(S)

The resolution, policy and practice, Nevada Revised Statutes and GASB Statement have been identified at the beginning of this memo. They are more appropriate than the strategic plan references.

OPPORTUNITY RISING

ACCOUNTING AND REPORTING ENGAGEMENT PROPOSAL FOR

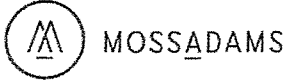
INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT

Jim Lanzaotta, Partner

Moss Adams LLP
975 Oak Street, Suite #500
Eugene, Oregon

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Dear Ms. Schmitz:

We are pleased to submit our proposal to provide analysis and make recommendations regarding certain accounting and reporting matters for Incline Village General Improvement District (the District). Specifically, we'll analyze and provide guidance on whether certain of the District's activities should be reported in enterprise funds vs. special revenue, capital projects, and debt service funds; the allocation of central service costs; punch card accounting; and whether the District's current capitalization policies and actual practice are in agreement with current accounting standards. We are confident we offer the governmental expertise, capabilities, approach, and level of dedicated service that will meet or exceed your expectations. Moss Adams offers the District a number of important qualifications including:

- **Extensive governmental accounting and financial reporting expertise.** Our proposed team specializes in accounting, auditing, and consulting services to governmental entities. Jim Lanzarotta, our proposed engagement partner, has served the profession on a national level for the past fifteen years in his role as the chair of the American Institute of Certified Public Accountant's State and Local Government Expert Panel, a member of the Governmental Accounting Standards Advisory Council, and as a national speaker/trainer on governmental accounting standards.
- **A comprehensive engagement approach.** We have an organized and tailored engagement approach that will provide you with the confidence you will receive a quality end product sensitive to your needs.
- **A proven ability to effectively meet your communication and timeline expectations.** We understand that entities like the District tend to have Board, Management, and Community Members with varying opinions on the subject matter and generally all have the entity's best interests at heart. We have a proven track record of working cooperatively with all stakeholders, communicating in a professional manner, and finding effective solutions with benefits to all concerned.

We commit to helping the District with observations and recommendations designed to provide the best path for moving forward. Our personal promise to you is to ensure that you receive the best service Moss Adams is capable of providing. This proposal includes information about Moss Adams, our approach to this engagement, and an initial fee estimate. Please contact Jim Lanzarotta if you have any questions.

Sincerely,

James C. Lanzarotta, CPA
Partner
jim.lanzarotta@mossadams.com

August 26, 2020

Sara Schmitz

Incline Village General
Improvement District
893 Southwood Blvd
Incline Village, Nevada 89451

Experience

FIRM BACKGROUND

Our Locations



Moss Adams is a fully integrated professional services firm dedicated to growing, managing, and protecting prosperity. With over 3,400 professionals and staff across more than 25 locations in the market capitals of the West and beyond, we work with the world's most innovative, dynamic, and promising clients and markets. Through a full spectrum of accounting, consulting, and wealth management services, we bring the deep industry specialization and inspired thinking our mid-market clients seek.

Since we put down roots in the Pacific Northwest more than 100 years ago, we have steadily expanded to serve clients not only in the West, but also across the nation and globally. Our full range of services includes accounting (audit and tax), consulting (IT, strategy & operations, transactions, and specialty), as well as individual and institutional wealth management.

Moss Adams is one of the 15 largest US accounting and consulting firms and a founding member of Praxity, AISBL, a global alliance of independent accounting firms

providing clients with local expertise in the major markets of North America, South America, Europe, and Asia.

GOVERNMENT AND NOT-FOR-PROFIT EXPERIENCE

Moss Adams has a firmwide team of over 180 professionals providing services within a group of specialized practices including governments, higher education institutions, not-for-profits, tribal and gaming entities, energy and utility entities, and federal contractors. The vast majority of these professionals specialize primarily—if not exclusively—in serving tax-exempt entities. This team currently serves almost 1,500 clients throughout the United States and provides more than 250,000 hours of service to those clients each year.

You will receive a more effective consulting service from our specialized professionals who have a deep understanding of your industry and its unique accounting and reporting requirements. They have significant experience working with government organizations, making them more likely to spot potential problems, create effective solutions, and understand the trends.

Which Firm Serves More Organizations Similar to Yours?

Selecting one firm over another is much easier when a particular firm has experience working with organizations similar to yours in scope or organizational mission. For example, it allows for a clearer

understanding of the specific issues you face, what to anticipate when conducting an accounting and reporting consulting engagement, and how long it will take. This results in a more efficient experience and effective solution for you. Listed on the next page are some organizations our firm serves that follow the same accounting and reporting standards as Incline Village General Improvement District.

Representative Local Government Clients		
Portland Parks and Rec	City of Normandy Park	Community Transit
Portland Water Bureau	City of Phoenix	Island County
Portland Bureau of Environmental Services	City of Portland	King County
North Clackamas Parks and Recreation	City of Redmond	Lake Stevens Sewer District
Albuquerque Parks and Recreation	City of Redondo Beach	Lane County
Water Environment Svcs	City of Riverside	Los Alamos County
City of Bend	City of Roseville	Lyon County
Port of Portland	City of San Diego	Maricopa County
Spokane Airports	City of San Jose	Newhall School District
City of Edmonds	City of Santa Fe	Northshore School District
City of Everett	City of Santa Monica	Pierce County
City of Hillsboro	City of Santa Rosa	Richland School District
City of Issaquah	City of Seattle	San Jose Unified School District
City of Kent	City of Shoreline	San Juan County
City of Las Cruces	City of Stockton	Santa Clara Valley Water District
City of Los Angeles	City of Tacoma	Snohomish County
City of Lynnwood	City of Tucson	Sonoma County
City of Modesto	City of West Richland	Tacoma Public Utilities
	City/County of San Francisco	
	Clark County	

FINANCIAL ACCOUNTING AND REPORTING EXPERIENCE

Moss Adams operates a full-service public sector audit and consulting practice that serves our clients in local and state governments, tribes, utilities, and institutions of higher education. Our service is significantly enhanced because our professionals have a long history of involvement with the governmental accounting and auditing standards setters. We have had a seat at the table during the deliberation on governmental accounting standards since 2005, and have provided training to both CPA governmental practitioners as well as government finance officers. Our national involvement has allowed us to provide technical assistance to finance officers as they have faced the challenges interpreting the complexities of existing standards, and the complications of implementing new standards.

We have recently been involved in assisting clients in the evaluation and analysis necessary to determine whether enterprise fund accounting was required, or preferable, for the following activities.

- The operations of a City's convention center and performing arts venues.
- The operations of a County's health department
- The operations of a County's Federally Qualified Health Center
- The operations of a City's cable television operations
- The operations of a County's public libraries
- The operations of a City's activities to support affordable housing within the City
- The operations of a community college

In addition to the analysis and conclusions provided in the engagements noted above, we routinely assist clients with the proper accounting for activities and transactions. Some recent examples include:

- The assessment of a Systems Development Charge to developers of residential property within the boundaries of a Parks and Recreation District as a method for new owners to 'buy into' the capital costs of existing recreation facilities.
- The accounting for a City's assessment of a Performance Delivery Fee to developers related to its affordable housing programs.
- The proper accounting for sales of property and related improvements owned by a Port District in support of its economic development initiatives.
- The benefits for a City to switch its water utility operations to the regulatory basis of accounting and away from the accrual basis of accounting.
- The accounting by a City that partnered with another City in the construction and use of a joint water plant and water distribution lines as well as the use of the other City's water rights.
- The determination of whether the additional costs incurred by a Sewer Utility to transport sewage to another treatment facility while its treatment plant was off-line for substantial repairs and improvements could be capitalized into the cost of the improvements.
- The establishment and accounting by a small community for its capital asset replacement program.

KEY TEAM MEMBERS

Working with the right team of professionals makes all the difference to your engagement. The team members we have thoughtfully selected to serve your specific needs have years of experience working with local governments. But more than that, you will find they bring an optimistic perspective focused on helping the District explore and embrace opportunities for improvement. Your Moss Adams team will personally engage with your team and bring a high level of energy to the engagement. All of our team members, from partner to staff, will be actively involved in the development of findings and recommendations to deliver the highest possible value to the District.

Our proposed team composition reflects a robust combination of quality assurance, project management, technical accounting and financial reporting experience. Jim Lanzarotta, partner, will serve as your client service partner responsible for providing quality assurance, technical support, analysis, observations and recommendations, and communication to your audit committee. Kevin Mullerleile, Senior Manager, will serve as the Project Manager and will handle information requests of you and staff of the District, provide analysis, observations and recommendations, and supervise other staff. Harvey Wang, Manager, will provide analysis, observations and recommendations.

Bios for each member of our team are provided below.

JIM LANZAROTTA, PARTNER



Professional Experience

Jim has practiced public accounting since 1984 and specializes in providing audit, accounting, and consulting services to governmental entities including state agencies; counties; cities; universities and their foundations; port and transportation authorities; and water, sewer, and other special districts.

Jim recently completed six years of service as the AICPA representative and appointed member of the Financial Accounting Foundation's Governmental Accounting Standards Advisory Council, a group of leaders responsible for advising GASB on issues related to the financial accounting and reporting by state and local governments. Previously, Jim served for three years on GASB's Comprehensive Implementation Guide Advisory Committee and for six years on the AICPA's State and Local Government Expert Panel, serving as its chair for a three-year term that ended in 2012. Jim has served on the GFOA Special Review Committee responsible for reviewing CAFRs submitted to GFOA for the Award of Excellence in Financial Reporting program and assists nearly all his clients with meeting the additional requirements necessary to obtain this coveted award. Jim is a sought after national speaker and trainer for organizations including the AICPA, GFOA, NACUBO, and State Societies of CPAs.

Proposed Engagement Role

Jim will serve as the engagement partner ultimately responsible for delivery of the results of our engagement to the District. He will provide technical assistance to the team and the District, analysis, observations and recommendations, and communicate results directly with the Audit Committee.

KEVIN MULLERLEILE, SENIOR MANAGER



Professional Experience

Kevin has practiced public accounting since 1998. He specializes in service to Governments. Kevin's experience includes entities such as cities, counties, ports, public colleges and universities, research organizations, state agencies, and special purpose districts. He has significant experience in reviewing comprehensive annual financial reports as well as conducting governmental audits in accordance with Government Auditing Standards and under Uniform Grant Guidance. Kevin sits on the OSCP Government Accounting and Auditing Strategic Interest Team responsible for addressing practice issues and assisting the Oregon Audits Division with statutes governing Oregon municipal audits. He's performed fraud investigations for commercial and tax-exempt entities. Kevin routinely speaks at the Oregon Government Finance Officers Association annual conference, as well as other events.

Proposed Engagement Role

Kevin will serve as the project manager for the engagement. He will be responsible to deliver the engagement results on time, within budget, and to the satisfaction of the District. He will assist with communications to the Audit Committee.

HARVEY WANG, MANAGER



Professional Experience

Harvey has practiced public accounting since 2014. He is a key member of our governmental services team and has focused on service to state and local governments, institutions of higher education, utilities, and not-for-profit organizations.

Proposed Engagement Role

Harvey will serve as a member of our team providing analysis, observations, and recommendations.

Approach and Methodology

Project Methodology and Work Plan

Moss Adams conducts accounting and reporting assistance services with great care, independence, and objectivity. In addition, we bring a solid understanding of the application of best practices. We take adherence to independence standards seriously. Key internal controls are in place to provide high quality, objective observations and recommendations. Internal controls include the following:

- **Independence** – Moss Adams accepts clients carefully and assigns staff with equal care so that no external, personal, or organizational impairments exist.
- **Professional Judgment** – Moss Adams uses careful planning to determine the type of assignment to be performed and the standards that apply to the work. This includes defining the scope of work, selecting a specific methodology, determining the type and amount of evidence to be gathered, and providing high quality observations and recommendations. Professional judgment is also demonstrated by an attitude of professional skepticism, which includes an inquisitive mind and a critical assessment of evidence. Our standards of professional judgment demonstrate experience and integrity.
- **Competence** – The proposed professionals for this engagement are well qualified. Moss Adams has a rigorous continuing professional education program in which all staff members must adhere to firm-specified requirements for education. In addition, our Government Practice sponsors an annual education forum, which includes training in relevant areas such as AICPA Consulting Standards, Generally Accepted Government Audit Standards (GAGAS), Generally Accepted Audit Standards (GAAS), and firm practices. In addition to rigorous CPE, our proposed staff members work in a supervised environment, which fosters the development of experience and professionalism.
- **Quality Control and Assurance** – Moss Adams has a rigorous process of internal quality control and supervision. All engagements are assigned to a qualified engagement manager. All deliverables, including workpapers, findings, recommendations, and final reports are processed through a critical quality control review process, in which a qualified senior manager or partner reviews the work for quality and professional standards. In addition to these regular quality control and assurance controls, Moss Adams participates in a regular external peer review process.

Our accounting and financial reporting service methodology encompasses project planning; remote fieldwork (given our current response to COVID-19 risks); interviews or discussions with key District stakeholders; review of the issues identified; a comparison of the current accounting and reporting to the governmental accounting standards, best practices, and state regulations where applicable; evaluation of alternatives where applicable; and a project report that delivers high-impact analysis, observations, and our recommendations. Our approach includes four major phases, which are broken down by task and described in detail below, including deliverables.

Phase 1: Start-Up and Management

The objective of this phase is to confirm the District's desired project goals and outcomes, as well as to determine the accounting guidance and any state regulations that must be followed.

Task 1.1 Initiate Project

We will conduct a kickoff meeting with the District’s Treasurer (and member of the Audit Committee responsible for this engagement), and others as suggested by the Treasurer, to review expectations and discuss overall project scope, logistics, deliverables, timing, and progress reporting requirements. We will clarify responsibilities of Moss Adams and District personnel (e.g., providing requested documents and scheduling interviews), timing of specific project activities, and format of each required deliverable. Also, we will establish an interview list, identify stakeholders, and finalize our approach to each phase of the project. We will finalize our engagement plan based on insights gained and risks identified through project initiation.

Task 1.2 Perform Project Management

We will conduct rigorous project management activities for the duration of the engagement. These activities will include providing guidance to the engagement team; coordinating with the District’s Treasurer and others to be determined by the District; working issues and solving problems; monitoring progress against the approved work plan; and developing, submitting, and discussing progress reports with the designated District personnel. Progress reports will be provided at the frequency requested by the District.

Task 1.3 Provide Quality Assurance

We believe it is important to recognize the need for quality by providing excellent client service and engagement oversight. A partner with extensive local government experience will review all deliverables before submittal to the District.

Phase 1 Deliverables	<ul style="list-style-type: none">Final work planInterview listProgress reports
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Phase 2: Fact Finding

This phase will encompass document review and interviews to gather the comprehensive input required to understand current fund types used for the accounting and reporting for Community and Beach Services, internal cost allocations, and punch cards; and review the District’s policies and practices for expenditures recorded as additions capital assets.

Task 2.1 Review Documentation

We will gather relevant documentation for review. Examples include prior year Comprehensive Annual Financial Reports (CAFR), relevant District financial policies and practices, existing governmental accounting standards issued by the Governmental Accounting Standards Board (GASB), relevant financial policies suggested by the Government Finance Officers Association (GFOA) as a guide to best practices, State regulations, and District processes and procedures for handling of punch cards and internal cost allocations. The objectives of documentation review are to obtain an in-depth understanding of current accounting, reporting, practices, and policies of the District and the District’s rationale behind current practices, identify areas where GASB has specific relevant guidance, determine if there are recognized best practices related to the subject matter, and to identify any applicable State regulations. Specific steps include developing a document request list, coordinating document receipt and review, and developing questions for use during interviews.

Task 2.2 Perform Interviews and Walk-Throughs

We will conduct interviews with key District personnel to supplement our understanding of the issues noted above. We will perform interviews remotely through WebEx, Zoom, or other suitable video chat means or phone conferences as soon as those can be scheduled with individuals designated by the District.

Task 2.3 Prepare Preliminary Observations

We will document our preliminary observations, which will focus on documenting areas where District accounting and reporting practices conflict with GASB standards, areas where there are alternatives in the accounting standards along with a discussion of the pros and cons of use of those alternatives, and areas where there are best practices that may differ from those used by the District.

Task 2.4 Present Preliminary Observations

We will present preliminary observations to the District's Treasurer and other key members of District. The purpose of sharing preliminary observations is to provide the District a chance to preview them and verify facts to make sure the basis for our observations is accurate and valid. Our observations will form the basis for analysis of opportunities for improvement.

Phase 2 Deliverables	<ul style="list-style-type: none">• Document request list• Preliminary observations
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Phase 3: Analysis

The analysis phase moves from the study and documentation of existing accounting, reporting, practices and policies to assessment.

Task 3.1 Analyze Results

We will identify areas where District accounting and reporting practices differ from guidance issued by the GASB, applicable State regulations, as well as where District policies and practices differ from accepted best practices. We also identify where there are acceptable alternatives along with the associated pros and cons for the District to consider. While not specifically requested, our approach includes a review of the District's CAFR. To the extent we identify any significant opportunities for improvements, we'll bring those to your attention as a result of our analysis phase.

Task 3.2 Prepare Draft Observations and Recommendations

Based on our analysis, we will update our observations and prepare recommendations.

Task 3.3 Present Draft Observations and Recommendations

Draft observations and recommendations will be presented to the District Treasurer and other key members of District for final fact validation and assessment of the practicality of recommendations.

Phase 3 Deliverables	<ul style="list-style-type: none">• Draft observations and recommendations
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Phase 4: Reporting

This phase will result in the delivery and presentation of draft and final reports.

Task 4.1 Submit Draft Report

Our work will be packaged in a draft report for review by the District. The draft report will include the necessary level of detail to allow the document to stand on its own. The report will integrate the study components and include an executive summary; scope and methodology; relevant standards and related requirements; sources of best practices; and observations and recommendations.

Task 4.2 Submit Final Report

Based on feedback from the District, we will revise the draft report and submit our final report.

Task 4.3 Present Final Report

We will present the final report to the Audit Committee and other key personnel as designated by the Treasurer. We are prepared to provide two presentations if desired by the District to include a second presentation to the Board.

Phase 4 Deliverables	<ul style="list-style-type: none">▪ Draft and final reports▪ Report presentation
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Availability and Timeline

Projects of this scope and nature typically take approximately two months to complete from engagement acceptance to final reports. The longest duration task is the collection and review of data and the development of our understanding of the Districts current accounting and reporting policies and practices addressing the four main areas to be addressed in this engagement.

Understanding that the Audit Committee desires to review proposals and make a decision on engaging a firm at its next scheduled meeting in early September, we propose the following schedule for the engagement:

- Project Startup September 2020
- Fact Finding September 2020
- Analysis September/October 2020
- Deliverables October 2020

Our proposed team has sufficient availability to meet the time commitments required to complete the services described in this proposal in the specified timeframe.

Comprehensive Service Pricing

Moss Adams has a stellar reputation for providing high value for reasonable costs. Our level of effort often goes well beyond what we have been contracted to perform. We utilize a team approach to meet the needs of our governmental clients, which enables us to leverage the breadth and depth of experience of our extensive resources and deliver cost-effective services.

We propose a total cost not to exceed \$28,410, including fees and expenses, to perform the required accounting, reporting, and financial policies and practice review services. Fees reflect the hours and rates of our proposed team members to perform the work described in this proposal. Given our current remote working environment, we do not anticipate incurring travel expenses. We will invoice the District on a monthly basis based on work performed and expenses incurred. Invoices for progress payments and any additional services will be based on the rates provided below.

Service Description	Estimated Fees
1. Project Startup and Management	\$ 5,785
2. Fact Finding	\$ 8,540
3. Analysis	\$ 9,665
4. Deliverables	\$ 4,420
Total	\$28,410

Our current hourly rates by level are provided below. Expenses that are not included in hourly rates include an IT technology fee and out-of-pocket costs for travel, which could include airfare, lodging, auto, and meals.

Staff Level	Hourly Rate
Partner	\$460
Senior Manager	\$380
Manager	\$235
Senior	\$205
Staff	\$160

The scope of work and related fee quotes are subject to our firm's client acceptance process, which 1) verifies that the firm and the client both understand the specific services we're being asked to perform, 2) ensures the terms of the engagement are acceptable to both parties and in agreement with applicable professional standards, and 3) confirms we've staffed the engagement with individuals qualified with the necessary expertise to fulfill our commitments to the prospective client. And, although we've performed an initial review of our independence from the District, we'll perform a more detailed inquiry of our partners and staff to make sure we've met applicable independence standards.

Assurance, tax, and consulting offered through Moss Adams LLP. Investment advisory services offered through Moss Adams Wealth Advisors LLC. Investment banking offered through Moss Adams Capital LLC.



Budgeting and Fiscal Management Financial Standards Policy 2.1.0

The Incline Village General Improvement District was formed to provide high quality services that are readily accessible to its parcel owners. Achieving this goal requires clear financial objectives, careful control of operations, and management of monetary and physical assets and its workforce.

The District has committed to a Strategic Planning Process to provide a context for policy and direction for the budget process.

POLICY: The Board of Trustees will maintain a set of Long Range Principles under the Strategic Planning Process. These Principles will include, at a minimum, an element for each of the following areas:

1.0 Resources and Environment

Promote and enhance the resources and environment of the Lake Tahoe Basin.

2.0 Finance

Continue to ensure the fiscal responsibility and sustainability of the District by maintaining sound effective policies for operation budgets, revenue and expenditures, fund balances, capital improvements, investments and risk management.

2.1 IVGID's process for establishing the financial goals for each of its departments will address both financial measures for operating and net income (loss) and cash flow.

2.2 As a part of the operating budget process, IVGID will review each major venue's cash flow needs for the upcoming fiscal year. On the basis of those reviews IVGID shall establish an allocation of the Recreation and/or Beach Facility Fee, considering established amounts of working capital and the predicted timing of revenues and expenditures for that fiscal year.

2.3 IVGID will review the consequences to each department's net income (loss) and cash flow based upon its expected Capital Improvement Projects and Debt Service obligations. The affects of these items will be

Effective July 1, 2014



Budgeting and Fiscal Management Financial Standards Policy 2.1.0

incorporated into the applicable allocation of the Recreation and/or Beach Facility Fee.

2.4 REPORTING ON THE RECREATION AND BEACH FACILITY FEE - The annual Recreation and Beach Facility Fee Allocation, based on the next fiscal year's Operating and Capital Improvement Project budgets and scheduled Debt Service, will be made available to each parcel owner, in accordance with Nevada Revised Statutes, prior to and subsequent to adoption of the fiscal year budget by the Board of Trustees. This summary will delineate the amount of Recreation and Beach Facility Fee allocated to each subfund. The summary will also indicate when amounts have been designated for reserve purposes.

2.5 REPORTING THE DISTRICT'S OVERALL FINANCIAL RESULTS - The District will make its overall financial results available for public inspection by issuing a Comprehensive Annual Financial Report (CAFR). The CAFR results from the audit process for each fiscal year and is approved by the Board typically in November.

Other forms of information can be developed at the discretion of the Board of the Trustees or the General Manager.

3.0 Workforce

Maintain our highly qualified workforce and status as a premier employer in the Lake Tahoe Basin.

4.0 Services

Deliver high quality services balanced with maintaining financial performance.

4.1 SERVICES - IVGID will offer services contingent upon the need for them in the community and in compliance with Nevada Revised Statutes Chapter 318.

4.2 OPERATIONS - IVGID will review operating methods, on an annual basis, and make decisions based on an objective analysis of the service, quality and cost versus value to the users.

Effective July 1, 2014



**Budgeting and Fiscal Management
Financial Standards
Policy 2.1.0**

4.3 UTILIZATION – IVGID will consider the constituency it serves and how those services can be best delivered for the District as a whole. The District provides services first and foremost to the District’s parcel owners, who are also the primary connection to the community’s businesses, civic and charitable organizations.

5.0 Facilities

Maintain and enhance the District’s infrastructure to support service delivery.

6.0 Communications

Considering the best use of public funds, educate and engage the parcel owners and residents of the Crystal Bay and Incline Village community. The District will consider a variety of methods for communication to accommodate the spectrum of needs and formats.



RESOLUTION NO. 1838

A RESOLUTION TO CREATE GOVERNMENTAL FUND TYPE; SPECIAL REVENUE, CAPITAL PROJECTS AND DEBTS SERVICE FUNDS FOR THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT FOR COMMUNITY SERVICES AND BEACH FUNDS AS REQUIRED BY NEVADA ADMINISTRATIVE CODE 354.241, EFFECTIVE AS OF JULY 1, 2015

RESOLVED, by the Board of Trustees of the Incline Village General Improvement District, Washoe County, Nevada, that

WHEREAS, pursuant to Nevada Administrative Code (NAC) Section 354.241, a local government is required to adopt a Resolution to create a fund types covered by Nevada Revised Statute 354.624 5 (a); and

WHEREAS, the District Community Services and Beach Funds provides services as defined under Nevada Revised Statute (NRS) 318, which in effect requires the use of those Fund's fund balance for a specific purpose; and

WHEREAS, on December 10, 2014, the Board of Trustees directed staff to apply for approval of the District's 2015-16 budget by the Nevada Department of Taxation utilizing Special Revenue, Capital Projects and Debt Service Fund accounting for Community Services and the Beach Funds; and

WHEREAS, the District expects to receive notice that its budget is found to be in compliance with NRS 354.598 by the Nevada Department of Taxation.

NOW, THEREFORE, IT IS ORDERED, as follows:

1. Effective July 1, 2015 the Incline Village General Improvement District, Nevada shall establish the governmental fund type Special Revenue, Capital Projects and Debt Service Funds for use by its Community Services and Beach Funds.
2. The table on the last page of this Resolution contains the required elements 1-4 and 6-7 under NAC 354.241, element 5 is met by the existing fund balance of the affected funds.



RESOLUTION NO. 1838

A RESOLUTION TO CREATE GOVERNMENTAL FUND TYPE; SPECIAL REVENUE, CAPITAL PROJECTS AND DEBTS SERVICE FUNDS FOR THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT FOR COMMUNITY SERVICES AND BEACH FUNDS AS REQUIRED BY NEVADA ADMINISTRATIVE CODE 354.241, EFFECTIVE AS OF JULY 1, 2015

* * * * *

I hereby certify that the foregoing is a full, true and correct copy of a resolution duly passed and adopted at a regularly held meeting of the Board of Trustees of the Incline Village General Improvement District on the 21st day of May, 2015, by the following vote:

AYES, and in favor thereof, Trustees: Jim Smith, Kendra Wong, Bill Devine, and Jim Hammerel

NOES, Trustees: Trustee Callicrate

ABSENT, Trustees: None

/s/ Jim Hammerel

Jim Hammerel
Secretary, IVGID Board of Trustees



RESOLUTION NO. 1838

A RESOLUTION TO CREATE GOVERNMENTAL FUND TYPE; SPECIAL REVENUE, CAPITAL PROJECTS AND DEBTS SERVICE FUNDS FOR THE INCLINE VILLAGE GENERAL IMPROVEMENT DISTRICT FOR COMMUNITY SERVICES AND BEACH FUNDS AS REQUIRED BY NEVADA ADMINISTRATIVE CODE 354.241, EFFECTIVE AS OF JULY 1, 2015

Fund Name	Purpose	Source of Revenues	Short-term Expenditures	Long-term Expenditures	Plan for Fund Balance	Adequacy of Fund Balance
Community Services – Special Revenue	Recreational activities conducted by the District under NRS 318, other than Beach locations	User fees, stand by charges, rents, grant, investment earnings and other income	Operating expenditures to provide recreational activities	Transfers out to capital purchases and debt service to support recreational activities	Meet the minimum necessary to maintain District recreational activities	Consider the District's Board Policy on Appropriate Level of Fund Balance
Community Services – Capital Expenditure	Capital expenditures related to recreational activities conducted by the District under NRS 318, other than Beach locations	Sales of coverage and capital assets and transfers from the Community Services Special Revenue Fund	Operating expenditures related to Community Services capital expenditures	Capital purchases to support Community Services recreational activities	Meet the minimum necessary to execute Community Services capital purchases	Consider the District's Board Policy on Appropriate Level of Fund Balance
Community Services – Debt Service	Debt service expenditures related to recreational activities conducted by the District under NRS 318, other than Beach locations	Transfer from the Community Services Special Revenue Fund	Operating expenditures related to Community Services debt service expenditures	Debt service expenditures to support Community Services recreational activities	Meet the minimum necessary to execute Community Services debt service expenditures	Consider the District's Board Policy on Appropriate Level of Fund Balance
Beach – Special Revenue	Recreational activities conducted by the District under NRS 318 for Beach locations	User fees, stand by charges, rents, grant, investment earnings and other income	Operating expenditures to provide Beach recreational activities	Transfers out to capital purchases and debt service to support Beach recreational activities	Meet the minimum necessary to maintain District Beach recreational activities	Consider the District's Board Policy on Appropriate Level of Fund Balance
Beach – Capital Expenditure	Capital expenditures related to recreational activities conducted by the District under NRS 318 for Beach locations	Sales of coverage and capital assets and transfers from the Beach Special Revenue Fund	Operating expenditures related to Beach capital expenditures	Capital purchases to support Beach recreational activities	Meet the minimum necessary to execute Beach capital purchases	Consider the District's Board Policy on Appropriate Level of Fund Balance
Beach – Debt Service	Debt service expenditures related to recreational activities conducted by the District under NRS 318 for Beach locations	Transfer from the Beach Special Revenue Fund	Operating expenditures related to Beach debt service expenditures	Debt service expenditures to support Beach recreational activities	Meet the minimum necessary to execute Beach debt service expenditures	Consider the District's Board Policy on Appropriate Level of Fund Balance



Budgeting and Fiscal Management Adoption of Financial Practices Policy 6.1.0

POLICY. The District will maintain the following processes:

- 1.0 Financial Planning
- 2.0 Revenue
- 3.0 Expenditure

The District's adopted financial policies should be used to frame major practice initiatives and be summarized in the budget document.

These processes, along with any others that may be adopted, will be reviewed during the development of the operating budget. The Finance and Accounting staff should review the processes to ensure continued relevance and to identify any gaps that should be addressed with new processes. The results of the review should be shared with the Board of Trustees during the review of the proposed budget.

Process categories that should be considered for development, adoption and regular review are as follows:

1.0 Financial Planning

Financial planning addresses the need for a long-term view and the fundamental principle of a balanced budget. At a minimum, the District processes support:

- 1.1 Balanced Budget. The District shall adopt a process that defines a balanced operating budget, encourages commitment to a balanced budget under normal circumstances, and provides for disclosure when a deviation from a balanced operating budget is planned or when it occurs.
- 1.2 Long-Range Planning. The District shall adopt a process(s) that supports the long-term financial implications of current and proposed operating and capital budgets, budget policies, cash management and investment policies, programs and assumptions.



Budgeting and Fiscal Management Adoption of Financial Practices Policy 6.1.0

- 1.3 Asset Inventory. The District shall adopt a process to inventory and assess the condition of all major capital assets. This information should be used to plan for the ongoing financial commitments required to make the best use of public funds.

2.0 Revenue

Understanding the revenue stream is essential to prudent planning. Most of these policies seek stability to avoid potential service disruptions caused by revenue shortfalls.

- 2.1 Revenue Diversification. The District shall adopt a process that encourages a diversity of revenue sources in order to improve the ability to handle fluctuations in individual sources.
- 2.2 Fees and Charges for Services. The District shall adopt process that identifies the manner in which fees and charges for services are set and the extent to which they cover the cost of the service provided.
- 2.3 Use of One-time Revenues. The District discourages the use of one-time revenues for ongoing expenditures.
- 2.4 Use of Unpredictable Revenues. The District, as a matter of process, requires budget documents to identify the nature of collection and use of major revenue sources it considers unpredictable.

3.0 Expenditures

The District's expenditures define the ongoing public service commitment. Prudent expenditure planning and accountability will ensure fiscal stability. The District shall maintain processes to address:

- 3.1 Debt Capacity, Issuance, and Management. The District, through the Board of Trustees, shall adopt a process that



Budgeting and Fiscal Management
Adoption of Financial Practices
Policy 6.1.0

specifies appropriate uses for debt and identifies the maximum amount of debt and debt service that should be outstanding at any time.

- 3.2 Reserve or Stabilization Accounts. The District shall adopt a process to maintain a prudent level of financial resources to protect against the need to reduce service levels, raise taxes, modify charges for services or reallocate facility fees due to temporary revenue shortfalls or unpredicted one-time expenditures.

- 3.3 Operating/Capital Expenditure Accountability. The District shall adopt a process to compare actual expenditures to budget periodically and indicate actions to bring the budget into balance or other actions, if necessary. Comparisons may be of a financial nature or relative to measures of performance and results.



Accounting, Auditing and Financial Reporting
Establishing Appropriate Capitalization Threshold for Capital Assets
Policy 9.1.0

POLICY. The District will consider the following guidelines in establishing capitalization thresholds:

- 1.0** Potentially capitalizable items should only be capitalized if they have an estimated useful life of greater than two years following the date of acquisition or placed into service.
- 2.0** Capitalization thresholds are best applied to individual items rather than to groups of similar items (e.g., desks and tables), unless the effect of doing so would be to eliminate a significant portion of total capital assets.
- 3.0** In no case will the District establish a capitalization threshold of less than \$5,000 for any individual item.
- 4.0** In establishing capitalization thresholds, when the District is a recipient of federal awards, then federal requirements that prevent the use of capitalization thresholds in excess of certain specified maximum amounts for purposes of federal reimbursement will prevail.
- 5.0** Capitalization of buildings and infrastructure should consider the use of componentization as a way to reflect the varying life cycle considerations of mechanical, structural elements, and wear items that may require different cycles of maintenance and replacement from the main asset being capitalized. The significance of such componentization takes precedent over the \$5,000 threshold, and thus smaller amounts may be listed to facilitate proper asset management.



**Accounting, Auditing and Financial Reporting
Capitalization of Fixed Assets
Practice 2.9.0**

RELEVANT POLICIES: 8.1.0 Establishing the Estimated Useful Lives of Capital Assets and 9.1.0 Establishing Appropriate Capitalization Threshold for Capital Assets

1.0 ACCOUNTING CONTROL

The capitalization threshold for all asset classes shall be identified during the budget process each fiscal year by the Finance and Accounting staff and approved by the Board of Trustees as part of the adoption of the annual Debt Management Policy, including the Five Year Capital Improvement Plan and its statement on Minimum level of expenditure.

1.1 The capitalization threshold per item shall be:

<u>ASSET CLASS</u>	<u>MINIMUM COST</u>
Equipment	\$ 5,000.00
Structures and Land Improvements ...	\$10,000.00

1.2 In addition to cost, all of the following criteria shall also be used:

1.2.1 The normal useful life of the item is three or more years.

1.2.2 The item has an acquisition cost (including freight and installation) of at least the amounts listed above in each asset class.

1.2.3 The item will not be substantially reduced in value by immediate use.

1.2.4 In case of repair or refurbishment that will be capitalized, the outlay will substantially prolong the life on an existing fixed asset or increase its productivity significantly, rather than merely returning the asset to a functioning unit or making repairs of a routine nature.



**Accounting, Auditing and Financial Reporting
Capitalization of Fixed Assets
Practice 2.9.0**

- 1.2.5 The capitalization threshold is applied to individual items rather than to groups of similar items (e.g. desks and tables).
- 1.2.6 The utilization of componentization of assets under the project, to provide a more appropriate management of an assets care, condition and associate maintenance or replacement, takes precedent over the stated thresholds under section 1.1.

2.0 PHYSICAL CONTROL

All fixed assets acquired either as operating or capital expenditures will be identified as IVGID property and recorded. Such items represent a value to the operations that have an ongoing usefulness to justify safeguarding them from loss or abuse. The items should be expected to be in service at least two years and can be readily assigned to a function or activity as responsible for its care and condition.



**Budgeting and Fiscal Management
Adoption of Central Service Cost Allocation Plan
Policy 18.1.0**

POLICY. The District will maintain practices in conformity with the Nevada Revised Statute Section 354.107 (Regulations) and 354.613(c) (Enterprise Funds Cost Allocation), including:

- 0.1 Central Service Cost Allocation Plan for accumulating, allocating and developing billing rates on allowable costs of services provided by the District's General Fund to departments, divisions and Funds.
- 0.2 This Policy and related Practice can only be modified by a non-consent agenda item during a regular meeting of the Board of Trustees.

The District's adopted other Financial Policies (6.1.0) that should be used to frame major practice initiatives and be summarized in the budget document. This Policy is specific to the equitable distribution of general, overhead, administrative and similar costs incurred by the District's General Fund in the process of supporting the operation of the District funds.

The underlying practice, along with any others that may be adopted for other financial purposes, will be reviewed during the budget process. The Finance and Accounting staff should review the practices to ensure continued relevance and to identify any gaps that should be addressed with new practices. The results of the review should be shared with the Board of Trustees during the review of the proposed budget. Each budget year, the current Central Service Cost Allocation Plan will be filed with the Nevada Department of Taxation as required.

Practice categories that should be considered for development, adoption and regular review are as follows:

- 0.1.1 Costs Allowed
- 0.1.2 Allocation Method
- 0.1.3 Billing rates for services provided

[Rev. 12/21/2019 11:37:20 AM—2019]

CHAPTER 318 - GENERAL IMPROVEMENT DISTRICTS

GENERAL PROVISIONS

NRS 318.010	Short title.
NRS 318.015	Legislative declaration.
NRS 318.020	Definitions.
NRS 318.025	Computation of time.
NRS 318.030	Correction of faulty notices.
NRS 318.035	Sufficiency of chapter.
NRS 318.040	Liberal construction.

ORGANIZATION OF DISTRICTS

NRS 318.050	Jurisdiction in board of county commissioners; interest of county commissioners or trustees.
NRS 318.055	Formation of district: Resolution or petition; ordinance.
NRS 318.060	Notice of organizational hearing.
NRS 318.065	Protests against organization of district.
NRS 318.070	Organizational hearing; ordinances creating or not creating district.
NRS 318.075	Conclusiveness of ordinance creating district; time for appeal; filing of ordinance with Secretary of State.
NRS 318.077	Addition of basic powers not provided in formation: Procedure.

BOARD OF TRUSTEES; DISTRICT POWERS

NRS 318.080	Duties of board of county commissioners; appointment of initial board of trustees; bond; removal of trustee.
NRS 318.083	Membership of board of trustees of certain districts that furnish electric light and power in a county whose population is 700,000 or more.
NRS 318.085	Organization of board of trustees; election of officers; records; bonds; compensation.
NRS 318.090	Office or principal place of business; records; meetings; quorum; vacancies; terms.
NRS 318.095	Biennial election of trustees; reimbursement of costs of election; names of candidates may be placed on primary or general election ballot; terms of office.
NRS 318.0951	Trustees elected by plurality vote.
NRS 318.0952	Election areas within district: Procedure for creation; election of trustees; alteration or abolishment of election areas.
NRS 318.09523	Single candidate declared elected.
NRS 318.09525	Registration to vote in district elections.
NRS 318.0953	County commissioners as ex officio board of trustees: Mandatory and optional assumption of duties.
NRS 318.09533	County commissioners as ex officio board of trustees: Oath; additional compensation; designation of officers; meetings; powers.
NRS 318.09535	County commissioners as ex officio board of trustees: Establishment of local district managing board; vacancies on board.
NRS 318.0954	Transition of boards of trustees of certain reorganized districts.
NRS 318.0955	Recall of trustees.
NRS 318.0956	Trustees not to be interested in sales or contracts; exception; penalties.
NRS 318.0957	Trustees' interest in contracts made in official capacity prohibited; exception; contracts void; penalties.
NRS 318.098	Assistance to district from county officers: Request; agreement; limitation on cost; payment.
NRS 318.100	Basic powers of board; acquisition, construction or servicing of improvements.
NRS 318.101	Power of board to use alternate procedures for acquisition, construction or servicing of improvements.
NRS 318.102	Powers of district concerning location and construction of improvements subordinate to powers of Nevada Tahoe Regional Planning Agency. [Effective upon the proclamation by the Governor of this State of the withdrawal by the State of California from the Tahoe Regional Planning Compact or of a finding by the Governor of this State that the Tahoe Regional Planning Agency has become unable to perform its duties or exercise its powers.]
NRS 318.103	Powers of district concerning location and construction of improvements subordinate to powers of regional planning agency.
NRS 318.105	Perpetual existence of board.
NRS 318.110	Corporate seal.

NRS 318.115	Suits, actions and proceedings.
NRS 318.116	Basic powers which may be granted to district.
NRS 318.117	Electric light and power.
NRS 318.1175	Energy for space heating.
NRS 318.1177	Establishment of area or zone for preservation of endangered or threatened wildlife.
NRS 318.118	Insect and rat extermination and abatement.
NRS 318.1181	Protection from fire.
NRS 318.1185	Emergency medical services.
NRS 318.1187	Facilities for FM radio.
NRS 318.119	Public cemeteries.
NRS 318.1191	Swimming pools.
NRS 318.1192	Facilities for television.
NRS 318.1195	Fencing.
NRS 318.120	Streets and alleys.
NRS 318.125	Curbs, gutters and sidewalks.
NRS 318.130	Sidewalks.
NRS 318.135	Storm drainage or flood control.
NRS 318.140	Sanitary sewer improvements.
NRS 318.141	Lighting of streets.
NRS 318.142	Collection and disposal of garbage and refuse.
NRS 318.143	Recreational facilities.
NRS 318.144	Supply, storage and distribution of water.
NRS 318.1445	District not required to furnish water for artificial lake or stream when prohibited by ordinance in certain counties; exceptions.
NRS 318.145	Operation, maintenance and repair of improvements.
NRS 318.160	Acquisition and disposal of and encumbrances on property.
NRS 318.165	Entry on land, water or premises to survey or inspect.
NRS 318.170	Water, drainage, sewerage and disposal of garbage and other refuse: Approval of system; additional powers.
NRS 318.175	Management of district's business; acquisition and operation of projects.
NRS 318.180	Employees: Power to hire and retain.
NRS 318.185	Employees: Duties and compensation.
NRS 318.190	Eminent domain.
NRS 318.195	Construction of works across watercourse, highway or vacant public land; restoration of property.
NRS 318.197	Rates, tolls and charges; liens; regulations governing connection and disconnection for facilities and services of district; collection of charges and penalties.
NRS 318.199	Rates, tolls and charges for sewerage or water services or products: Schedules; public hearings; adoption of resolution; action to set aside resolution.
NRS 318.201	Procedure for collection of service charges on tax roll.
NRS 318.202	Procedure for collection of charges for connecting to water, drainage or sewerage facilities on tax roll or by special assessments.
NRS 318.203	Structure reasonably believed to be used as dwelling unit in certain counties: Affidavit filed by employee of district or other person; notice and hearing; resolution to charge owner of dwelling unit for services provided by district.
NRS 318.205	Bylaws.
NRS 318.210	Implied powers.
NRS 318.215	Conveyance of facilities to city or town; assumption of indebtedness; dissolution of district.
NRS 318.220	Conveyances by cities, counties, districts or other owners to general improvement districts.

TAXATION

NRS 318.225	Power to levy taxes.
NRS 318.230	Levy and collection of taxes.
NRS 318.235	Levies to cover deficiencies.
NRS 318.240	County officers to levy and collect; liens.
NRS 318.245	Sales for delinquencies.
NRS 318.250	Reserve funds.

BOUNDARIES; EXCLUSION AND INCLUSION OF PROPERTY

NRS 318.256	Boundary changes; liability of property.
NRS 318.257	Exclusion.
NRS 318.258	Inclusion.

ANNEXATION OF TERRITORY BY DISTRICT CREATED TO FURNISH ELECTRICITY

NRS 318.261	Annexation of territory to district.
NRS 318.262	Petition to enlarge district; approval of annexation by governing body of city required.
NRS 318.263	Petition: Contents.
NRS 318.264	Petition: Withdrawal and objections.
NRS 318.266	Public hearing; notice; requirements for conducting hearing.
NRS 318.267	Determination by board; filing of order by county clerk.
NRS 318.268	Reimbursement to property owners who paid costs of extending facilities.
NRS 318.269	Liability of included real property for taxes, charges and bonded indebtedness of district; exceptions.
NRS 318.271	Appeal of denied petition to board of county commissioners.
NRS 318.272	Judicial review.

BORROWING, BONDS AND SPECIAL ASSESSMENTS

NRS 318.275	Forms of borrowing; approval of debt management commission.
NRS 318.277	Debt limit of district.
NRS 318.280	Short-term notes, warrants and interim debentures.
NRS 318.320	Revenue bonds: Issuance for acquisition or improvement of facilities.
NRS 318.325	Local Government Securities Law: Types of securities authorized to be issued.
NRS 318.339	Power of certain districts to borrow money from State or Federal Government.
NRS 318.350	Assessments to pay expenses of improvements; exempt property.

MERGER, CONSOLIDATION AND DISSOLUTION OF DISTRICTS

NRS 318.490	Initiation by ordinance; notice; agreement of board of trustees of certain districts required.
NRS 318.492	Procedure when district included within boundaries of incorporated city.
NRS 318.495	Protests; adoption of final ordinance.
NRS 318.500	Hearing.
NRS 318.505	Filing of copies of ordinance.
NRS 318.508	Effect of final ordinance to dissolve district included within boundaries of incorporated city.
NRS 318.510	Surrender and transfer of property and money; collection and disposition of taxes and special assessments.

SALE OF REAL PROPERTY

NRS 318.512	Appraisal required; selection of appraisers; sale for less than appraisal prohibited.
NRS 318.5121	Appraisers: Procedures for selection; disclosure statements; prohibitions.
NRS 318.5122	Resolution declaring intent to sell at auction and finding that sale is in best interest of district; notice.
NRS 318.5123	Conduct of sale at auction; withdrawal of property from sale; proceeds; costs.
NRS 318.5124	Exceptions to requirements for sale at auction.
NRS 318.5125	Second offering at auction; listing of unsold property.
NRS 318.5126	Sale not in compliance with requirements is void.

CORRECTIVE ACTION

NRS 318.515	Procedure for corrective action by board of county commissioners: Notification or petition; hearing; adoption and challenge of ordinance or resolution.
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EFFECT OF CHAPTER 542, STATUTES OF NEVADA 1967

NRS 318.520	Rights and liabilities not affected by enactment.
NRS 318.525	Reorganization of governing bodies of certain districts; exercise of powers under chapter 318 of NRS.
NRS 318.530	Outstanding securities and contracts not affected or modified.

GENERAL PROVISIONS

NRS 318.010 Short title. This chapter shall be known and may be cited as the General Improvement District Law.
(Added to NRS by 1959, 457)

NRS 318.015 Legislative declaration.

1. It is hereby declared as a matter of legislative determination that the organization of districts having the purposes, powers, rights, privileges and immunities provided in this chapter will serve a public use and will promote the health, safety, prosperity, security and general welfare of the inhabitants thereof and of the State of Nevada; that the acquisition, improvement, maintenance and operation of any project authorized in this chapter is in the public interest and constitutes a part of the established and permanent policy of the State of Nevada; and that each district organized pursuant to the provisions of this chapter shall be a body corporate and politic and a quasi-municipal corporation. For the accomplishment of these purposes the provisions of this chapter shall be broadly construed.

2. It is hereby further declared that the provisions of this chapter are not intended to provide a method for financing the costs of developing private property.

3. It is hereby further declared as a matter of legislative determination that the notice provided for in this chapter for each hearing and action to be taken is reasonably calculated to inform the parties of all proceedings which may directly and adversely affect their legally protected interest.

(Added to NRS by 1959, 457; A 1977, 525)

NRS 318.020 Definitions. As used in this chapter, unless the context otherwise requires:

1. "Acquisition," "acquire" and "acquiring" each means acquisition, extension, alteration, reconstruction, repair or other improvement by purchase, construction, installation, reconstruction, condemnation, lease, rent, gift, grant, bequest, devise, contract or other acquisition, or any combination thereof.

2. "Board of trustees" and "board" alone each means the board of trustees of a district.

3. "FM radio" means a system of radio broadcasting by means of frequency modulation.

4. "General improvement district" and "district" alone each means any general improvement district organized or, in the case of organizational provisions, proposed to be organized, pursuant to this chapter.

5. "Mail" means a single mailing first class or its equivalent, postage prepaid, by deposit in the United States mails, at least 15 days before the designated time or event.

6. "Project" and "improvement" each means any structure, facility, undertaking or system which a district is authorized to acquire, improve, equip, maintain or operate. A project may consist of all kinds of personal and real property, including, but not limited to, land, elements and fixtures thereon, property of any nature appurtenant thereto or used in connection therewith, and every estate, interest and right therein, legal or equitable, including terms for years, or any combination thereof.

7. "Publication" means publication once in a newspaper of general circulation in the district at least 15 days before the designated time or event.

8. "Qualified elector" means a person who has registered to vote in district elections.

9. "Special assessment district" means any local public improvement district organized within a general improvement district by the board of trustees of such general improvement district pursuant to this chapter.

10. "Trustees" means the members of a board.

(Added to NRS by 1959, 458; A 1967, 1679; 1973, 86; 1977, 525; 1995, 1904; 2005, 725)

NRS 318.025 Computation of time. For the purpose of computing any period of time prescribed in this chapter, the first day of the designated action or time must be excluded and the last day of the designated action or time must be included.

(Added to NRS by 1959, 459; A 2005, 726)

NRS 318.030 Correction of faulty notices. In any case where a notice is provided for in this chapter, if the court finds for any reason that due notice was not given, the court shall not thereby lose jurisdiction, and the proceeding in question shall not thereby be void or abated; but the court shall order due notice to be given and shall continue the hearing until such time as notice is properly given, and thereupon shall proceed as though notice had been properly given in the first instance.

(Added to NRS by 1959, 459)

NRS 318.035 Sufficiency of chapter. This chapter, without reference to other statutes of the State, except as specifically provided in this chapter, shall constitute full authority for the authorization and issuance of bonds hereunder. No other law with regard to the authorization or issuance of bonds that provides for an election, requires an approval, or in any way impedes or restricts the carrying out of the acts authorized by this chapter to be done shall be construed as applying to any proceedings taken under this chapter or acts done pursuant thereto, it being intended that this chapter shall provide a separate method of accomplishing its objectives, and not an exclusive one; and this chapter shall not be construed as repealing, amending or changing any such other law.

(Added to NRS by 1959, 459)

NRS 318.040 Liberal construction. This chapter being necessary to secure the public health, safety, convenience and welfare, it shall be liberally construed to effect its purposes.

(Added to NRS by [1959, 459](#))

ORGANIZATION OF DISTRICTS

NRS 318.050 Jurisdiction in board of county commissioners; interest of county commissioners or trustees.

1. Except as otherwise provided in this chapter, the board of county commissioners of any county within this State is hereby vested with jurisdiction, power and authority to create districts within the county which it serves.

2. No member of a board of county commissioners or board of trustees shall be disqualified to perform any duty imposed by this chapter by reason of ownership of property within any proposed district.

3. If the boundaries of a proposed district include territory within two or more counties, the board of county commissioners of the county in which is located the larger or largest proportion of the area of the proposed district has the jurisdiction, power and authority to create the district, to broaden its basic powers and otherwise to supervise the district as provided in this chapter.

(Added to NRS by [1959, 459](#); A [1963, 570](#); [1967, 1685](#))

NRS 318.055 Formation of district: Resolution or petition; ordinance.

1. The formation of a district may be initiated by:

- (a) A resolution adopted by the board of county commissioners; or
- (b) A petition proposed by any owner of property to be located in the district.

2. After adoption of the resolution or receipt of the petition the organization of the district must be initiated by the adoption of an ordinance by the board of county commissioners, which is in this chapter sometimes designated the "initiating ordinance." No initiating ordinance may be adopted by the board of county commissioners if the proposed district includes any real property within 7 miles from the boundary of an incorporated city or unincorporated town unless:

- (a) All members of the board of county commissioners unanimously vote for the organization of a district with boundaries which contravene this 7-mile limitation;
- (b) A petition for annexation to or inclusion within the incorporated city or unincorporated town of that property has first been filed with the governing body of the incorporated city or unincorporated town pursuant to law and the governing body thereof has refused to annex or include that property and has entered the fact of that refusal in its minutes;
- (c) No part of the area within the district is eligible for inclusion in a petition for such an annexation;
- (d) The governing body of the incorporated city or the town board of the unincorporated town, by resolution, consents to the formation of the district; or
- (e) That property is within 7 miles of an unincorporated town with a town advisory board or citizens' advisory council but is not within 7 miles of an incorporated city or unincorporated town with a town board.

3. Except as is otherwise provided in this chapter, a district may be entirely within or entirely without, or partly within and partly without, one or more municipalities or counties, and the district may consist of noncontiguous tracts or parcels of property.

4. The initiating ordinance must set forth:

(a) The name of the proposed district, consisting of a chosen name preceding the word "District," or, if the district is authorized to exercise more than one basic power, the words "General Improvement District." If a district's name as provided in the organizational proceedings does not include the words "General Improvement," and if subsequently any additional basic power is granted to the district pursuant to [NRS 318.077](#), the board of county commissioners may redesignate the district with a chosen name preceding the words "General Improvement District."

(b) A statement of the basic power or basic powers for which the district is proposed to be created (for instance, by way of illustration, "for paving, curb and gutters, sidewalks, storm drainage and sanitary sewer improvements within the district"). The basic power or basic powers stated in the initiating ordinance must be one or more of those authorized in [NRS 318.116](#), as supplemented by the sections of this chapter designated therein.

(c) A statement that the ordinance creating the district will be based on the board's finding:

- (1) That public convenience and necessity require the creation of the district;
- (2) That the creation of the district is economically sound and feasible;
- (3) That the service plan for the district conforms to subsection 1 of [NRS 308.030](#); and
- (4) That the service plan for the district does not contravene any of the criteria enumerated in subsection 1 of [NRS 308.060](#).

(d) A general description of the boundaries of the district or the territory to be included therein, with such certainty as to enable an owner of property to determine whether his or her property is within the district.

(e) The place and time for the hearing on the creation of the district.

(Added to NRS by [1959, 459](#); A [1963, 571](#); [1965, 1078](#); [1967, 1685](#); [1971, 1046](#); [1977, 526](#); [1985, 360](#); [2011, 155](#))

NRS 318.060 Notice of organizational hearing. After such initiating ordinance has been adopted by the board of county commissioners, the county clerk shall mail written notice to all property owners within the proposed district of the intention of the board of county commissioners to establish such district, which notice shall set forth the name, statement of purposes, general description and time and place of hearing.

(Added to NRS by [1959, 460](#); A [1973, 562](#))

NRS 318.065 Protests against organization of district.

1. Any person who owns property which is located within the district may, on or before the date fixed, protest against the establishment of such district, in writing, which protest shall be filed with the county clerk of such county.

2. If, at or before the time fixed in the initiating ordinance and notice, written protest is filed, signed by a majority of the owners of property within such proposed district, the district shall not be established.

3. If any written protests are filed and the board of county commissioners determines that the protests so filed represent less than a majority of the owners of property within the district, the board of county commissioners, in its discretion but subject to the limitation provided by [NRS 318.070](#), may proceed with the creation of the district. If the board of county commissioners does so proceed, the ordinance of the board of county commissioners creating the district, for which provision is made in this chapter, shall contain a recital of the number of protests filed and such recital is binding and conclusive for all purposes.

(Added to NRS by [1959, 460](#); A [1965, 1079](#); [1977, 528](#))

NRS 318.070 Organizational hearing; ordinances creating or not creating district.

1. At the place, date and hour specified for the hearing in the notice or at any subsequent time to which the hearing may be adjourned, the board of county commissioners shall give full consideration to all protests which may have been filed and shall hear all persons desiring to be heard and shall thereafter adopt an ordinance either creating the district or determining that it shall not be created.

2. If the board of county commissioners determines at the hearing that the proponents of such proposed district have failed to show that creation of the district is required by public convenience and necessity or have failed to show that the creation of such district is economically sound and feasible, or both, it shall adopt an ordinance determining that it shall not be created.

3. Any ordinance creating a district may contain such changes as may be considered by the board of county commissioners to be equitable and necessary.

(Added to NRS by [1959, 460](#); A [1965, 1079](#))

NRS 318.075 Conclusiveness of ordinance creating district; time for appeal; filing of ordinance with Secretary of State.

1. Except as otherwise provided in subsection 2, the adoption of the ordinance creating the district shall finally and conclusively establish the regular organization of the district against all persons, which district shall thenceforth be a governmental subdivision of the State of Nevada, a body corporate and politic and a quasi-municipal corporation.

2. Within 30 days immediately following the effective date of such ordinance any person who has filed a written protest, as provided in [NRS 318.065](#), shall have the right to commence an action in any court of competent jurisdiction to set aside such determination. Thereafter all actions or suits attacking the regularity, validity and correctness of that ordinance and all proceedings, determinations and instruments taken, adopted or made prior to such ordinance's final passage, shall be perpetually barred.

3. Within 30 days after the effective date of the ordinance creating the district, the county clerk shall file a copy of the ordinance in his or her office and shall cause to be filed an additional copy of the ordinance in the Office of the Secretary of State, which filings shall be without fee and be otherwise in the same manner as articles of incorporation are required to be filed under [chapter 78](#) of NRS.

(Added to NRS by [1959, 460](#))

NRS 318.077 Addition of basic powers not provided in formation: Procedure. The board may elect to add basic powers not provided in its formation, in which event the board shall cause proceedings to be had by the board of county commissioners similar, as nearly as may be, to those provided for the formation of the district, and with like effect. The board shall obtain in connection with each such additional basic power a modified service plan for the district in a manner like that provided for an initial service plan required for the organization of a district in the Special District Control Law.

(Added to NRS by [1963, 626](#); A [1967, 1687](#); [1971, 1047](#); [1977, 529](#))

BOARD OF TRUSTEES; DISTRICT POWERS

NRS 318.080 Duties of board of county commissioners; appointment of initial board of trustees; bond; removal of trustee.

1. After adopting an ordinance creating a district and before appointing the first board of trustees for the district, the board of county commissioners is, ex officio, the board of trustees for the district.

2. While acting as the board of trustees, the board of county commissioners shall establish:

- (a) Accounting practices and procedures for the district;
- (b) Auditing practices and procedures to be used by the district;
- (c) A budget for the district; and
- (d) Management standards for the district.

3. Except as otherwise provided in [NRS 318.0953](#) and [318.09533](#), after the board of county commissioners has performed the duties required by subsection 2, it shall appoint five persons to serve as the first board of trustees of the district and shall specify therein the terms of office to the first Monday in January next following the respective election dates provided in [NRS 318.095](#). Except as otherwise provided in subsection 5, these persons must be qualified electors of the district.

4. The members of the board of trustees shall qualify by filing with the county clerk their oaths of office and corporate surety bonds, at the expense of the district, the bonds to be in an amount not more than \$10,000 each, the form and exact amount thereof to be approved and determined, respectively, by the board of county commissioners, conditioned for the faithful performance of their duties as trustees. The board of county commissioners may from time to time, upon good cause shown, increase or decrease the amount of the bond.

5. The board of county commissioners may appoint as one of the five initial trustees as provided by subsection 1 the district attorney for the county or a deputy district attorney on his or her staff. Such appointee need not be a qualified elector of the district, but no such attorney is qualified for appointment to fill any vacancy on the board pursuant to [NRS 318.090](#) or qualified as a candidate for election to the board at any biennial election pursuant to [NRS 318.095](#) unless he or she is a qualified elector of the district.

6. The board of county commissioners of the county vested with jurisdiction pursuant to [NRS 318.050](#) may remove any trustee serving on an appointed or elected board of trustees for cause shown, on petition, hearing and notice thereof by publication and by mail addressed to the trustee.

(Added to NRS by [1959, 461](#); [A 1965, 1079](#); [1967, 1687](#); [1971, 1047](#); [1977, 529](#); [1983, 1282](#); [1989, 1878](#); [1995, 175](#))

NRS 318.083 Membership of board of trustees of certain districts that furnish electric light and power in a county whose population is 700,000 or more.

1. Notwithstanding any provision of law to the contrary, the board of trustees of a district organized or reorganized pursuant to this chapter that exists on July 1, 2009, that is authorized only to exercise the basic power of furnishing electric light and power pursuant to [NRS 318.117](#) in a county whose population is 700,000 or more, and for which the board of county commissioners of the county is not ex officio the board of trustees, shall consist of seven trustees.

2. The members of the board of trustees described in subsection 1 must be selected as follows:

(a) One member who is elected by the qualified electors of the largest incorporated city in the district at the first biennial election following July 1, 2009. The term of office of a trustee who is elected pursuant to this paragraph is 4 years.

(b) One member who is elected by the qualified electors of the district at the first biennial election following July 1, 2009. The initial term of office of a trustee who is elected pursuant to this paragraph is 2 years. After the initial term, the term of office of a trustee who is elected pursuant to this paragraph is 4 years.

(c) Five members who are elected from the election areas in the district created pursuant to [NRS 318.0952](#) that existed on July 1, 2009, each of whom serves for a term of 4 years.

3. Each member of the board of trustees must be a resident of the area which he or she seeks to represent.

4. A majority of the members of the board constitutes a quorum at any meeting.

(Added to NRS by [2009, 2245](#); [A 2011, 1213](#))

NRS 318.085 Organization of board of trustees; election of officers; records; bonds; compensation. Except as otherwise provided in [NRS 318.0953](#) and [318.09533](#):

1. After taking oaths and filing bonds, the board shall choose one of its members as chair of the board and president of the district, and shall elect a secretary and a treasurer of the board and of the district, who may or may not be members of the board. The secretary and the treasurer may be one person.

2. The board shall adopt a seal.

3. The secretary shall keep audio recordings or transcripts of all meetings and, in a well-bound book, a record of all of the board's proceedings, minutes of all meetings, any certificates, contracts, bonds given by employees and all corporate acts. Except as otherwise provided in [NRS 241.035](#), the book, audio recordings, transcripts and records must be open to inspection of all owners of real property in the district as well as to all other interested persons. A copy of the minutes or audio recordings must be made available to a member of the public upon request at no charge pursuant to [NRS 241.035](#).

4. The treasurer shall keep strict and accurate accounts of all money received by and disbursed for and on behalf of the district in permanent records. The treasurer shall file with the county clerk, at the expense of the district, a corporate surety bond in an amount not more than \$50,000, the form and exact amount thereof to be approved and determined, respectively, by the board of county commissioners, conditioned for the faithful performance of the duties of his or her office. Any other officer or trustee who actually receives or disburses money of the district shall furnish a bond as provided in this subsection. The board of county commissioners may, upon good cause shown, increase or decrease the amount of that bond.

5. Except as otherwise provided in this subsection, each member of a board of trustees of a district organized or reorganized pursuant to this chapter may receive as compensation for his or her service not more than \$6,000 per year. Each member of a board of trustees of a district that is organized or reorganized pursuant to this chapter and which is granted the powers set forth in [NRS 318.140](#), [318.142](#) and [318.144](#) may receive as compensation for his or her service not more than \$9,000 per year. The compensation of the members of a board is payable monthly, if the budget is adequate and a majority of the members of the board vote in favor of such compensation, but no member of the board may receive any other compensation for his or her service to the district as an employee or otherwise. Each member of the board must receive the same amount of compensation. If a majority of the members of the board vote in favor of an increase in the compensation of the trustees, the increase may not become effective until January 1 of the calendar year immediately following the next biennial election of the district as set forth in [NRS 318.095](#).

6. As used in this section, "compensation" does not include any contribution made to the Public Employees' Retirement System on behalf of a member of the board of trustees.

(Added to NRS by [1959, 461](#); [A 1965, 1079](#); [1967, 59, 1688](#); [1968, 58](#); [1969, 817](#); [1975, 136](#); [1977, 250](#); [1985, 1798](#); [2005, 726, 1410](#); [2013, 329](#); [2019, 1559](#))

NRS 318.090 Office or principal place of business; records; meetings; quorum; vacancies; terms. Except as otherwise provided in [NRS 318.0953](#) and [318.09533](#):

1. The board shall, by resolution, designate the place where the office or principal place of the district is to be located, which must be within the corporate limits of the district and which may be changed by resolution of the board. Copies of all those resolutions must be filed with the county clerk or clerks of the county or counties wherein the district is located within 5 days after their adoption. The official records and files of the district must be kept at that office and must be open to public inspection as provided in [NRS 239.010](#).

2. The board of trustees shall meet regularly at least once each year, and at such other times at the office or principal place of the district as provided in the bylaws.

3. Special meetings may be held on notice to each member of the board as often as, and at such places within the district as, the needs of the district require.

4. Except as otherwise provided in [NRS 318.083](#), three members of the board constitute a quorum at any meeting.

5. A vacancy on the board must be filled by a qualified elector of the district chosen by the remaining members of the board, the appointee to act until a successor in office qualifies as provided in [NRS 318.080](#) on or after the first Monday in January next following the next biennial election, held in accordance with [NRS 318.083](#) or [318.095](#), at which election the vacancy must be filled by election if the term of office extends beyond that first Monday in January. Nominations of qualified electors of the district as candidates to fill unexpired terms of 2 years may be made the same as nominations for regular terms of 4 years, as provided in [NRS 318.083](#) and [318.095](#). If the board fails, neglects or refuses to fill any vacancy within 30 days after the vacancy occurs, the board of county commissioners shall fill that vacancy.

6. Each term of office of 4 years terminates on the first Monday in January next following the general election at which a successor in office is elected, as provided in NRS 318.083 or 318.095. The successor's term of office commences then or as soon thereafter as the successor qualifies as provided in NRS 318.080, subject to the provisions in this chapter for initial appointments to a board, for appointments to fill vacancies of unexpired terms and for the reorganizations of districts under this chapter which were organized under other chapters of NRS.

(Added to NRS by 1959, 461; A 1967, 1688; 1971, 1048; 1985, 1799; 1989, 1878; 1995, 176; 2009, 2246)

NRS 318.095 Biennial election of trustees; reimbursement of costs of election; names of candidates may be placed on primary or general election ballot; terms of office. Except as otherwise provided in NRS 318.0953:

1. There must be held simultaneously with the first general election in the county after the creation of the district and simultaneously with every general election thereafter an election to be known as the biennial election of the district. The election must be conducted under the supervision of the county clerk or registrar of voters. A district shall reimburse the county clerk or registrar of voters for the costs he or she incurred in conducting the election for the district.

2. The office of trustee is a nonpartisan office. The general election laws of this State govern the candidacy, nominations and election of a member of the board. The names of the candidates for trustee of a district may be placed on the ballot for the primary or general election.

3. Except as otherwise provided in NRS 318.083, at the first biennial election in any district organized or reorganized and operating under this chapter and each fourth year thereafter, there must be elected by the qualified electors of the district two qualified electors as members of the board to serve for terms of 4 years. At the second biennial election and each fourth year thereafter, there must be so elected three qualified electors as members of the board to serve for terms of 4 years.

4. The secretary of the district shall give notice of election by publication and shall arrange such other details in connection therewith as the county clerk or registrar of voters may direct.

5. Any new member of the board must qualify in the same manner as members of the first board qualify.

(Added to NRS by 1959, 461; A 1967, 1689; 1969, 59; 1971, 1049; 1977, 530; 1981, 193; 1985, 1800; 1987, 699; 1989, 1879; 1995, 177; 2009, 2246)

NRS 318.0951 Trustees elected by plurality vote. Except as otherwise provided in NRS 318.0952 or 318.0953:

1. Each trustee elected at any biennial election must be chosen by a plurality of the qualified electors of the district voting on the candidates for the vacancies to be filled.

2. Except as otherwise provided in NRS 318.083, if there are two regular terms which end on the first Monday in January next following the biennial election, the two qualified electors receiving the highest and next highest number of votes must be elected. If there are three regular terms so ending, the three qualified electors receiving the highest, next highest and third highest number of votes must be elected.

3. If there is a vacancy in an unexpired regular term to be filled at the biennial election, as provided in subsection 5 of NRS 318.090, the candidate who receives the highest number of votes, after there are chosen the successful candidates to fill the vacancies in expired regular terms as provided in subsection 2, must be elected.

(Added to NRS by 1967, 1690; A 1969, 24; 1971, 1049; 1985, 1800; 1989, 1880; 1995, 177; 2009, 2247)

NRS 318.0952 Election areas within district; Procedure for creation; election of trustees; alteration or abolishment of election areas. Except as otherwise provided in NRS 318.0953:

1. Trustees may be elected in the alternate manner provided in this section from election areas within the district.

2. Within 30 days before May 1 of any year in which a general election is to be held in the State, 10 percent or more of the qualified electors of the district voting at the next preceding biennial election of the district may file a written petition with the board of county commissioners of the county vested with jurisdiction under NRS 318.050 praying for the creation of election areas within the district in the manner provided in this section. The petition must specify with particularity the five areas proposed to be created. The description of the proposed election areas need not be given by metes and bounds or by legal subdivisions, but must be sufficient to enable a person to ascertain what territory is proposed to be included within a particular area. The signatures to the petition need not all be appended to one paper, but each signer must add to the signer's name his or her place of residence, giving the street and number whenever practicable. One of the signers of each paper shall take an oath, before a person competent to administer oaths, that each signature to the paper appended is the genuine signature of the person whose name it purports to be.

3. Immediately after the receipt of the petition, the board of county commissioners shall fix a date for a public hearing to be held during the month of May, and shall give notice thereof by publication at least once in a newspaper published in the county, or if no such newspaper is published therein then in a newspaper published in the State of Nevada and having a general circulation in the county. The costs of publication of that notice are a proper charge against the district fund.

4. If, as a result of the public hearing, the board of county commissioners finds that the creation of election areas within the district is desirable, the board of county commissioners shall, by resolution regularly adopted before June 1, divide the district into the areas specified in the petition, designate them by number and define their boundaries. The territory comprising each election area must be contiguous. One trustee must be elected from each election area by a majority of the qualified electors voting on the candidates for any vacancy for that area as provided in subsection 7.

5. Before June 1 and immediately following the adoption of the resolution creating election areas within a district, the clerk of the board of county commissioners shall transmit a certified copy of the resolution to the secretary of the district.

6. Upon the creation of election areas within a district, the terms of office of all trustees then in office expire on the first Monday of January thereafter next following a biennial election. At the biennial election held following the creation of election areas within a district, district trustees to represent the odd-numbered election areas must be elected for terms of 4 years and district trustees to represent the even-numbered election areas must be elected for terms of 2 years. Thereafter, at each biennial election, the offices of trustees must be filled for terms of 4 years in the order in which the terms of office expire.

7. Candidates for election as a trustee representing any election area must be elected only by those qualified electors of the district residing in that area. No qualified elector may vote in more than one election area at any one time.

8. A candidate for the office of trustee of a district in which election areas have been created must be a qualified elector of the district and must be a resident of the election area which the candidate seeks to represent.

9. Election areas may be altered or abolished in the same manner as provided in this section for the creation of election areas and the election of trustees therefor.

(Added to NRS by 1967, 1690; A 1971, 1050; 1977, 530; 1985, 1800; 1989, 1880; 1995, 177)

NRS 318.09523 Single candidate declared elected. In any election for a general improvement district, if at 5:00 p.m. on the last day for filing a declaration of candidacy, as defined in NRS 293.0455, there is only one candidate nominated for the office, that candidate must be declared elected and no election may be held for that office.

(Added to NRS by 1989, 2174; A 2019, 3420)

NRS 318.09525 Registration to vote in district elections.

1. Any person residing within a district who is otherwise qualified to vote at general elections in this State may register to vote in district elections by appearing before the county clerk or registrar of voters of the county in which the district is located and completing an application to register to vote in accordance with the general election laws of this State. Registration for a district election which is not held simultaneously with a general election must close at 5 p.m. of the fifth Friday preceding the district election and registration offices must be open from 9 a.m. to 5 p.m., excluding Saturdays, during the last days before the close of registration. If a person residing within a district is otherwise registered to vote, new registration for district elections is not required.

2. The county clerk or registrar of voters shall, at the expense of the district, prepare and maintain a list of all registered voters residing within the district. The county clerk or registrar of voters is entitled to receive on behalf of the county the sum of 15 cents for each registration placed on the list. All money so received must be deposited to the credit of the general fund of the county.

3. Whenever a district election is required the county clerk or registrar of voters shall submit the current list, showing all persons who are registered to vote in that election, to the election officers who are charged with the duty of conducting the required election.

(Added to NRS by 1977, 524; A 1979, 569, 1258; 1995, 2282)

NRS 318.0953 County commissioners as ex officio board of trustees: Mandatory and optional assumption of duties.

1. In every county whose population is 700,000 or more, the board of county commissioners is, and in counties whose population is less than 700,000 the board of county commissioners may be, ex officio the board of trustees of each district organized or reorganized pursuant to this chapter and authorized to exercise the basic power of furnishing facilities for sewerage as provided in NRS 318.140, without regard to whether the district is also authorized to furnish facilities for storm drainage, but excluding any district which is authorized, in addition to those basic powers, to exercise any one or more other basic powers designated in this chapter, except as otherwise provided in subsections 2, 4 and 5.

2. The board of county commissioners of any county may be, at its option, ex officio the board of trustees of any district organized or reorganized pursuant to this chapter and authorized to exercise the basic power of furnishing facilities for water as provided in NRS 318.144, or furnishing both facilities for water and facilities for sewerage as provided in NRS 318.144 and 318.140, respectively, without regard to whether the district is also authorized to furnish facilities for storm drainage, but excluding any district which:

(a) Is authorized, in addition to its basic powers, to exercise any one or more other basic powers designated in this chapter, except as otherwise provided in subsection 4.

(b) Is organized or reorganized pursuant to this chapter, the boundaries of which include all or a portion of any incorporated city or all or a portion of a district for water created by special law.

3. In every county whose population is less than 100,000, the board of county commissioners may be ex officio the board of trustees of each district organized or reorganized pursuant to this chapter and authorized to exercise the basic power of furnishing emergency medical services as provided in NRS 318.1185, which district may overlap the territory of any district authorized to exercise any one or more other basic powers designated in this chapter.

4. The board of county commissioners of any county may be, at its option, ex officio the board of trustees of any district organized on or after July 1, 2007, and authorized to exercise one or more of the basic powers designated in this chapter. In a county whose population is less than 100,000, a district for which the board of county commissioners is ex officio the board of trustees pursuant to this subsection and which is authorized only to exercise the basic power of furnishing streets and alleys as provided in NRS 318.120 may overlap the territory of any district authorized to exercise any one or more other basic powers designated in this chapter.

5. A board of county commissioners may exercise the options provided in subsections 1 to 4, inclusive, by providing in the ordinance creating the district or in an ordinance thereafter adopted at any time that the board is ex officio the board of trustees of the district. The board of county commissioners shall, in the former case, be the board of trustees of the district when the ordinance creating the district becomes effective, or in the latter case, become the board of the district 30 days after the effective date of the ordinance adopted after the creation of the district. In the latter case, within the 30-day period the county clerk shall promptly cause a copy of the ordinance to be:

(a) Filed in the clerk's office;

(b) Transmitted to the secretary of the district; and

(c) Filed in the Office of the Secretary of State without the payment of any fee and otherwise in the same manner as articles of incorporation are required to be filed under chapter 78 of NRS.

(Added to NRS by 1967, 1691; A 1969, 1540; 1971, 1051; 1975, 541; 1977, 532, 929; 1979, 535; 1983, 1283; 1985, 1802; 1989, 1919; 2007, 1511; 2011, 1213)

NRS 318.09533 County commissioners as ex officio board of trustees: Oath; additional compensation; designation of officers; meetings; powers.

1. When the board of trustees of any district is constituted pursuant to NRS 318.0953, the following special provisions apply and supersede the corresponding provisions of NRS 318.080 to 318.09525, inclusive, 318.0954 and 318.0955:

(a) The members need not file the oath of office or bond required by NRS 318.080.

(b) The members of the board of county commissioners may receive no additional compensation as trustees of the district.

(c) The chair of the board of county commissioners may be chair of the board of trustees and president of the district, or the board of county commissioners may, at its first meeting in January of each year, designate another of its members to serve as chair of the board of trustees and president of the district for a term of 1 year.

(d) The vice chair of the board of county commissioners may be vice chair of the board of trustees and vice president of the district, or the board of county commissioners may, at its first meeting in January of each year, designate another of its members to serve as vice chair of the board of trustees and vice president of the district for a term of 1 year.

(e) The secretary and treasurer of the district must not be members of the board of county commissioners. The board may designate the county clerk and county treasurer, respectively, to act ex officio as secretary and treasurer, or it may designate some other person to fill either or both of those offices. No additional bond may be required of the county treasurer as ex officio district treasurer or of any other county officer appropriately bonded as ex officio a district officer.

(f) The secretary and treasurer shall perform the duties prescribed in subsections 3 and 4 of [NRS 318.085](#).

(g) No member of the board of county commissioners may be removed from the office of trustee under [NRS 318.080](#), but any member is automatically removed from that office upon his or her removal from the office of county commissioner in the manner provided by law.

(h) The regular place of meeting of the board need not be within the corporate limits of the district but must be within the corporate limits of the county and be the regular meeting place of the board of county commissioners unless the board otherwise provides by resolution.

(i) The times of regular meetings of the board must be the same as the times of the regular meetings of the board of county commissioners unless the board otherwise provides by resolution.

(j) Special meetings may be held on notice to each member of the board as often as, and at such place or places within the county as, the board may determine, unless it otherwise provides by resolution.

(k) The office or principal place of the district need not be located within the corporate limits of the district and must be the office of the county clerk unless the board otherwise provides by resolution.

2. Each board of county commissioners may, by resolution, designate the district's name which may be used for all purposes, including, without limitation, contracts, lawsuits or in the performance of its duties or exercises of its functions.

3. The board may enter into contracts extending beyond the terms of each member then serving on the board if the contract is entered into in the manner provided for a board of county commissioners in [NRS 244.320](#).

(Added to NRS by [1983, 1286](#); [A 2009, 2247](#))

NRS 318.09535 County commissioners as ex officio board of trustees: Establishment of local district managing board; vacancies on board.

1. Whenever a board of county commissioners is the board of trustees of any district organized or reorganized pursuant to this chapter or is exercising any powers pursuant to [NRS 244.157](#), the board may by ordinance establish a local district managing board for the district.

2. Such a local district managing board must consist of not less than 5 members and not more than 12 members who are qualified electors of the district. The members must be:

(a) Appointed by the board of county commissioners; or

(b) Elected by the qualified electors of the district.

3. If the local district managing board is elective, the initial appointments and subsequent elections must be conducted in the manner provided in this chapter for trustees of a district.

4. An ordinance establishing a local district managing board must:

(a) Provide for the compensation which members of the board are to receive for their services;

(b) Provide for the terms of office for the members of the board;

(c) Contain a recital of the powers delegated and duties assigned by the board of county commissioners to the local district managing board; and

(d) Provide that the local district managing board does not have the power to tax, issue bonds or call for an election for the issuance of bonds. All taxes must be levied and bonds issued by the board of county commissioners as generally provided in this chapter.

5. Any vacancy on the board must be filled by a qualified elector of the district who is appointed by the board of county commissioners. If the local district managing board is appointive, the person appointed to fill the vacancy must be appointed to serve the remainder of the unexpired term. If the board is elective, the appointee must be appointed to serve until the first Monday in January when his or her successor in office, elected at the biennial election next following the vacancy, qualifies.

6. The local district managing board may be dissolved by the board of county commissioners after notice and hearing whenever the board of county commissioners determines:

(a) The local district managing board is no longer necessary; or

(b) The services of the district can be more effectively performed by another district.

(Added to NRS by [1977, 523](#); [A 1987, 127](#); [1991, 1707](#))

NRS 318.0954 Transition of boards of trustees of certain reorganized districts.

1. The governing body of any district organized or reorganized under and operating as provided in any chapter in title 25 of NRS, excluding [chapters 315, 318 and 318A](#) of NRS, must be designated a board of trustees and shall reorganize as provided in this section so that after the transitional period the board consists of five qualified electors from time to time chosen as provided in [NRS 318.095](#) and other provisions of this chapter supplemental thereto.

2. No existing member of any such governing body may be required to resign from the board before the termination of his or her current term of office in the absence of any disqualification as a member of the governing body under such chapter in title 25 of NRS, excluding [chapters 315, 318 and 318A](#) of NRS. If a regular term of office of any member of any such governing body would terminate on other than the first Monday of January next following a biennial election in the absence of the adoption of this law, the term must be extended to and terminate on the first Monday in January next following a biennial election and following the date on which the term would have ended.

3. If the members of any such governing body at any time number less than five, the number of trustees must be increased to five by appointment, or by both appointment and election, as provided in [NRS 318.090](#), [318.095](#) and [318.0951](#).

4. In no event may any successor trustee be elected or appointed to fill any purported vacancy in any unexpired term or in any regular term which successor will increase the trustees on a board to a number exceeding five nor which will result in less than two regular terms of office or more than three regular terms of office ending on the first Monday in January next following any biennial election.

5. Nothing in this section:

(a) Prevents the reorganization of a board by division of the district into district trustee election districts pursuant to [NRS 318.0952](#).

(b) Supersedes the provisions of [NRS 318.0953](#) or [318.09533](#).

(Added to NRS by [1967, 1692](#); A [1971, 1053](#); [1983, 1285](#); [2017, 2010, 2717](#))

NRS 318.0955 Recall of trustees. Members of the board of trustees are subject to recall from office pursuant to the provisions of the Constitution and statutes of this State. (Added to NRS by [1967, 1716](#))

NRS 318.0956 Trustees not to be interested in sales or contracts; exception; penalties.

1. Except as provided in subsection 2, no member of the board may be interested, directly or indirectly, in any property purchased for the use of the district, or in any purchase or sale of property belonging to the district, or in any contract made by the district for the acquisition of any project or improvement by the district.

2. The board may purchase supplies or contract for services for the district from one of its members, when not to do so would be a great inconvenience, but the member from whom the supplies are to be bought or with whom the contract for services is to be made shall not vote upon the allowance of the purchase or contract. If the purchase is made or contract let by competitive bidding, the bid of a member of the board may be accepted only if the member is the lowest responsible bidder.

3. A member of the board who violates the provisions of subsection 1 is guilty of a gross misdemeanor and shall be further punished as provided in [NRS 197.230](#).

(Added to NRS by [1967, 1716](#); A [1979, 791](#))

NRS 318.0957 Trustees' interest in contracts made in official capacity prohibited; exception; contracts void; penalties.

1. Except as provided in subsection 2, it is unlawful for a member of the board:

(a) To become a contractor under any contract or order for supplies or any other kind of contract authorized by the board of which he or she is a member, or to be in any manner interested, directly or indirectly, as principal, in any kind of contract so authorized.

(b) To be interested in any contract made by the board of which he or she is a member, or to be a purchaser or to be interested in any purchase or sale made by the board of which he or she is a member.

2. The board may purchase supplies or contract for services for the district from one of its members, when not to do so would be a great inconvenience, but the member from whom the supplies are to be bought or with whom the contract for services is to be made shall not vote upon the allowance of the purchase or contract. If the purchase is made or contract let by competitive bidding, the bid of a member of the board may be accepted only if the member is the lowest responsible bidder.

3. Any contract made in violation of the provisions of subsection 1 may be declared void at the instance of the district or of any other person interested in the contract except the member of the board prohibited in subsection 1 from making or being interested in the contract.

4. A member of the board who violates the provisions of subsection 1, directly or indirectly, is guilty of a gross misdemeanor and shall be further punished as provided in [NRS 197.230](#).

(Added to NRS by [1967, 1716](#); A [1979, 791](#))

NRS 318.098 Assistance to district from county officers: Request; agreement; limitation on cost; payment.

1. The board of trustees of any district may request, in writing, assistance from any elected or appointed officer of the county in which the district is located.

2. The officer shall furnish the requested assistance, after an agreement has been reached concerning the amount of money which the board of trustees shall pay for the assistance. The cost shall not be more than the actual additional expense necessitated by the request.

3. The board shall, by a resolution spread upon its minutes, order payment made in the amount, in each case, which was agreed upon by the board of trustees and the officer furnishing the assistance.

(Added to NRS by [1965, 1088](#); A [1977, 424](#))

NRS 318.100 Basic powers of board; acquisition, construction or servicing of improvements.

1. For and on behalf of the district the board shall have each of the basic powers enumerated in this chapter and designated in the organizational proceedings of the district and in any reorganizational proceedings of the district taken pursuant to [NRS 318.077](#) and other provisions supplemental thereto in this chapter, or otherwise authorized by law. Except as otherwise provided in this chapter the board may construct or otherwise acquire any improvement appertaining to any such basic power which the district may exercise and may finance the costs of any such improvement by any of the procedures provided in this chapter. When it is proposed to construct an improvement the work shall be performed as provided in this chapter.

2. The district may also furnish services pertaining to any such basic power which the district may exercise.

(Added to NRS by [1959, 462](#); A [1963, 631](#); [1967, 1692](#))

NRS 318.101 Power of board to use alternate procedures for acquisition, construction or servicing of improvements.

1. As an alternate procedure for constructing or otherwise acquiring, improving or converting any public improvement (or any combination thereof), and for defraying all the cost thereof or any portion of the cost thereof not to be defrayed with moneys otherwise available therefor by the levy of special assessments against assessable property specially benefited thereby and the collection of such assessments and the issuance of special obligation bonds primarily payable from such special assessments payable in installments (to implement any one, all or any combination of basic powers stated in [NRS 318.116](#) and granted to any district in proceedings for its organization or in any proceedings for its reorganization or as may be otherwise provided by law), as the board of the district determines, the district, acting by and through the board, is vested with the powers granted to municipalities by [chapters 271](#) and [704A](#) of NRS, and in any proceedings thereunder the district, other public bodies, district officials, and other public officials are subject to the rights, privileges, immunities, liabilities, duties, disabilities, limitations and other details provided therein.

2. For purposes of this section, in any proceedings under [chapters 271](#) and [704A](#) of NRS:

(a) "Clerk" means the de jure or de facto secretary of the district.

(b) "Governing body" means the district's board.

(c) "Municipality" means the district and "municipal" means pertaining to the district; except that where the context so indicates, "municipality" means the geographical area comprising the district.

(d) "Ordinance" means a resolution of the district.

(Added to NRS by [1975, 854](#))

NRS 318.102 Powers of district concerning location and construction of improvements subordinate to powers of Nevada Tahoe Regional Planning Agency. [Effective upon the proclamation by the Governor of this State of the withdrawal by the State of California from the Tahoe Regional Planning Compact or of a finding by the Governor of this State that the Tahoe Regional Planning Agency has become unable to perform its duties or exercise its powers.] In the region of this state for which there has been established by [NRS 278.780](#) to [278.828](#), inclusive, a regional planning agency, the powers of any district organized, reorganized or required to reorganize under this chapter with respect to the location and construction of all improvements are subordinate to the powers of such regional planning agency.

(Added to NRS by [1969, 51](#); A [1979, 1133](#), effective upon the proclamation by the Governor of this State of the withdrawal by the State of California from the Tahoe Regional Planning Compact or of a finding by the Governor of this State that the Tahoe Regional Planning Agency has become unable to perform its duties or exercise its powers; A [2011, 3739](#); [2013, 2367](#))

NRS 318.103 Powers of district concerning location and construction of improvements subordinate to powers of regional planning agency. In any region of this state for which there has been established by interstate compact a regional planning agency, the powers of any district organized, reorganized or required to reorganize under this chapter with respect to the location and construction of all improvements are subordinate to the powers of such regional planning agency.

(Added to NRS by [1968, 14](#); R [2011, 3740](#); [2013, 2366, 2367](#); A [2013, 2366, 2367, 3838](#))

NRS 318.105 Perpetual existence of board. Subject to the limitations of this chapter, the board shall have perpetual existence.

(Added to NRS by [1959, 462](#))

NRS 318.110 Corporate seal. The board shall have the power to have and use a corporate seal.

(Added to NRS by [1959, 462](#))

NRS 318.115 Suits, actions and proceedings. The board shall have the power to sue and be sued, and be a party to suits, actions and proceedings.

(Added to NRS by [1959, 462](#))

NRS 318.116 Basic powers which may be granted to district. Any one, all or any combination of the following basic powers may be granted to a district in proceedings for its organization, or its reorganization pursuant to [NRS 318.077](#) and all provisions in this chapter supplemental thereto, or as may be otherwise provided by statute:

1. Furnishing electric light and power, as provided in [NRS 318.117](#);
2. Extermination and abatement of mosquitoes, flies, other insects, rats, and liver fluke or *Fasciola hepatica*, as provided in [NRS 318.118](#);
3. Furnishing facilities or services for public cemeteries, as provided in [NRS 318.119](#);
4. Furnishing facilities for swimming pools, as provided in [NRS 318.1191](#);
5. Furnishing facilities for television, as provided in [NRS 318.1192](#);
6. Furnishing facilities for FM radio, as provided in [NRS 318.1187](#);
7. Furnishing streets and alleys, as provided in [NRS 318.120](#);
8. Furnishing curbs, gutters and sidewalks, as provided in [NRS 318.125](#);
9. Furnishing sidewalks, as provided in [NRS 318.130](#);
10. Furnishing facilities for storm drainage or flood control, as provided in [NRS 318.135](#);
11. Furnishing sanitary facilities for sewerage, as provided in [NRS 318.140](#);
12. Furnishing facilities for lighting streets, as provided in [NRS 318.141](#);
13. Furnishing facilities for the collection and disposal of garbage and refuse, as provided in [NRS 318.142](#);
14. Furnishing recreational facilities, as provided in [NRS 318.143](#);
15. Furnishing facilities for water, as provided in [NRS 318.144](#);
16. Furnishing fencing, as provided in [NRS 318.1195](#);

- 17. Furnishing facilities for protection from fire, as provided in [NRS 318.1181](#);
- 18. Furnishing energy for space heating, as provided in [NRS 318.1175](#);
- 19. Furnishing emergency medical services, as provided in [NRS 318.1185](#);
- 20. Control of noxious weeds, as provided in [chapter 555](#) of NRS; and
- 21. Establishing, controlling, managing and operating an area or zone for the preservation of one or more species or subspecies of wildlife that has been declared endangered or threatened pursuant to the federal Endangered Species Act of 1973, 16 U.S.C. §§ 1531 et seq., as provided in [NRS 318.1177](#).

(Added to NRS by [1967, 1693](#); A [1969, 201](#); [1971, 261](#); [1977, 533](#); [1979, 571](#); [1985, 1803](#); [1989, 1881](#); [1993, 2783](#); [1995, 179](#), [1905](#); [1997, 483](#); [2001, 2083](#); [2003, 1513](#); [2015, 3593](#))

NRS 318.117 Electric light and power. If a district is created, wholly or in part, to furnish electric light and power, the board may:

- 1. Acquire, by purchase, condemnation or other legal means, all lands, rights and other property necessary for the construction, use and supply, operation, maintenance, repair and improvement of the works of the district, including, without limitation, the plant, works, system, facilities or properties, together with all parts thereof, the appurtenances thereto, including contract rights, used and useful primarily for the production, transmission or distribution of electric energy to or for the public for any purpose, works constructed and being constructed by private owners, and all other works and appurtenances, either within or without the State of Nevada.
- 2. Furnish, deliver and sell to the public, and to any municipality and to the State and any public institution, heat, light and power service and any other service, commodity or facility which may be produced or furnished in connection therewith.
- 3. Purchase generating capacity on the terms set forth in subsection 3 of [NRS 244A.699](#).

(Added to NRS by [1967, 1693](#); A [1985, 642](#); [2001, 2083](#))

NRS 318.1175 Energy for space heating. A board of trustees may develop natural sources of energy for and supply the energy for space heating.

(Added to NRS by [1979, 572](#))

NRS 318.1177 Establishment of area or zone for preservation of endangered or threatened wildlife. In the case of a district created wholly or in part for the establishment of an area or zone for the preservation of one or more species or subspecies of wildlife that has been declared endangered or threatened pursuant to the federal Endangered Species Act of 1973, 16 U.S.C. §§ 1531 et seq., the board shall have the power to:

- 1. Establish, control, manage and operate or provide money for the establishment, control, management and operation of the area or zone.
- 2. Purchase, sell, exchange or lease real property, personal property and other interests in property, except water rights, as necessary for the establishment, control, management and operation of the area or zone.

(Added to NRS by [2003, 1513](#))

NRS 318.118 Insect and rat extermination and abatement.

- 1. In the case of a district created wholly or in part for exterminating and abating mosquitoes, flies, other insects, rats, and liver fluke or *Fasciola hepatica*, the board may:
 - (a) Take all necessary or proper steps for the extermination of mosquitoes, flies, other insects, rats, or liver fluke or *Fasciola hepatica* in the district or in territory not in the district but so situated with respect to the district that mosquitoes, flies, other insects, rats, or liver fluke or *Fasciola hepatica* from that territory migrate or are caused to be carried into the district;
 - (b) Subject to the paramount control of any county or city in which the district has jurisdiction, abate as nuisances all stagnant pools of water and other breeding places for mosquitoes, flies, other insects, rats, or liver fluke or *Fasciola hepatica* in the district or in territory not in the district but so situated with respect to the district that mosquitoes, flies, other insects, rats, or liver fluke or *Fasciola hepatica* from that territory migrate or are caused to be carried into the district;
 - (c) If necessary or proper, in the furtherance of the objects of this chapter, build, construct, repair and maintain necessary dikes, levees, cuts, canals or ditches upon any land, and acquire by purchase, condemnation or by other lawful means, in the name of the district, any lands, rights-of-way, easements, property or material necessary for any of those purposes;
 - (d) Make contracts to indemnify or compensate any owner of land or other property for any injury or damage necessarily caused by the use or taking of property for dikes, levees, cuts, canals or ditches;
 - (e) Enter upon without hindrance any lands, within or without the district, for the purpose of inspection to ascertain whether breeding places of mosquitoes, flies, other insects, rats, or liver fluke or *Fasciola hepatica* exist upon those lands;
 - (f) Abate public nuisances in accordance with this chapter;
 - (g) Ascertain if there has been a compliance with notices to abate the breeding of mosquitoes, flies, other insects, rats, or liver fluke or *Fasciola hepatica* upon those lands;
 - (h) Treat with oil, other larvicidal material, or other chemicals or other material any breeding places of mosquitoes, flies, other insects, rats, or liver fluke or *Fasciola hepatica* upon those lands;
 - (i) Sell or lease any land, rights-of-way, easements, property or material acquired by the district; and
 - (j) Sell real property pursuant to this subsection to the highest bidder at public auction after 5 days' notice given by publication.
- 2. In connection with the basic power stated in this section, the district may:
 - (a) Levy annually a general ad valorem property tax of not exceeding:
 - (1) Fifteen cents on each \$100 of assessed valuation of taxable property; or
 - (2) Twenty cents on each \$100 of assessed valuation of taxable property if the board of county commissioners of each county in which the district is located approves such a tax in excess of 15 cents on each \$100 of assessed valuation of taxable property.

(b) Levy a tax in addition to a tax authorized in paragraph (a), if the additional tax is authorized by the qualified electors of the district, as provided in subsections 4 to 7, inclusive.

3. The proceeds of any tax levied pursuant to the provisions of this section must be used for purposes pertaining to the basic purpose stated in this section, including, without limitation, the establishment and maintenance of:

(a) A cash-basis fund of not exceeding in any fiscal year 60 percent of the estimated expenditures for the fiscal year to defray expenses between the beginning of the fiscal year and the respective times tax proceeds are received in the fiscal year; and

(b) An emergency fund of not exceeding in any fiscal year 25 percent of the estimated expenditures for the fiscal year to defray unusual and unanticipated expenses incurred during epidemics or threatened epidemics from diseases from sources which the district may exterminate or abate.

4. Whenever it appears to the board of a district authorized to exercise the basic power stated in subsection 1 that the amount of money required during an ensuing fiscal year will exceed the amount that can be raised by a levy permitted by paragraph (a) of subsection 2, the board may:

(a) At a special election or the next primary or general election submit to the qualified electors of the district a question of whether a tax shall be voted for raising the additional money;

(b) Provide the form of the ballot for the election, which must contain the words "Shall the district vote a tax to raise the additional sum of?" or words equivalent thereto;

(c) Provide the form of the notice of the election and provide for the notice to be given by publication; and

(d) Arrange other details in connection with the election.

5. A special election may be held only if the board determines, by a unanimous vote, that an emergency exists. The determination made by the board is conclusive unless it is shown that the board acted with fraud or a gross abuse of discretion. An action to challenge the determination made by the board must be commenced within 15 days after the board's determination is final. As used in this subsection, "emergency" means any unexpected occurrence or combination of occurrences which requires immediate action by the board to prevent or mitigate a substantial financial loss to the district or to enable the board to provide an essential service to the residents of the district.

6. Except as otherwise provided in this chapter:

(a) The secretary of the district shall give notice of the election by publication and shall arrange such other details in connection with the election as the board may direct;

(b) The election board officers shall conduct the election in the manner prescribed by law for the holding of general elections and shall make their returns to the secretary of the district; and

(c) The board shall canvass the returns of the election at any regular or special meeting held within 6 working days following the date of the election, or at such later time as the returns are available for canvass, and shall declare the results of the election.

7. If a majority of the qualified electors of the district who voted on any proposition authorizing the additional tax voted in favor of the proposition, and the board so declares the result of the election:

(a) The district board shall report the result to the board of county commissioners of the county in which the district is situated, stating the additional amount of money required to be raised. If the district is in more than one county the additional amount must be prorated for each county by the district board in the same way that the district's original total estimate of money is prorated, and the district board shall furnish the board of county commissioners and auditor of each county a written statement of the apportionment for that county; and

(b) The board of county commissioners of each county receiving the written statement shall, at the time of levying county taxes, levy an additional tax upon all the taxable property of the district in the county sufficient to raise the amount apportioned to that county for the district.

8. The district shall not:

(a) Borrow money except for medium-term obligations pursuant to chapter 350 of NRS;

(b) Levy special assessments; or

(c) Fix any rates, fees or other charges except as otherwise provided in this section.

9. The district may determine to cause an owner of any real property to abate any nuisance pertaining to the basic power stated in this section, after a hearing on a proposal for such an abatement and notice thereof by mail addressed to the last known owner or owners of record at the last known address or addresses of the owner or owners, as ascertained from any source the board deems reliable, or in the absence of the abatement within a reasonable period fixed by the board, to cause the district to abate the nuisance, as follows:

(a) At the hearing, the district board shall redetermine whether the owner must abate the nuisance and prevent its recurrence, and shall specify a time within which the work must be completed;

(b) If the nuisance is not abated within the time specified in the notice or at the hearing, the district board shall abate the nuisance by destroying the larvae or pupae, or otherwise, by taking appropriate measures to prevent the recurrence of further breeding;

(c) The cost of abatement must be repaid to the district by the owner;

(d) The money expended by the district in abating a nuisance or preventing its recurrence is a lien upon the property on which the nuisance is abated or its recurrence prevented;

(e) Notice of the lien must be filed and recorded by the district board in the office of the county recorder of the county in which the property is situated within 6 months after the first item of expenditure by the board;

(f) An action to foreclose the lien must be commenced within 6 months after the filing and recording of the notice of lien;

(g) The action must be brought by the district board in the name of the district;

(h) When the property is sold, enough of the proceeds to satisfy the lien and the costs of foreclosure must be paid to the district and the surplus, if any, must be paid to the owner of the property if known, and if not known, must be paid into the court in which the lien was foreclosed for the use of the owner if ascertained; and

(i) The lien provisions of this section do not apply to the property of any county, city, district or other public corporation, except that the governing body of the county, city, district or other public corporation shall repay to any district exercising the basic power stated in subsection 1 the amount expended by the district upon any of its property pursuant to this chapter upon presentation by the district board of a verified claim or bill.

(Added to NRS by [1967, 1694](#); A [1973, 13](#); [1993, 1061](#); [1995, 1815](#); [2007, 623](#))

NRS 318.1181 Protection from fire. In the case of a district created wholly or in part for the purpose of furnishing fire protection, the board may:

1. Acquire fire protection equipment and acquire, construct or improve fire protection facilities and make improvements necessary and incidental thereto;
2. Eliminate fire hazards existing within the district in the manner prescribed in [NRS 474.580](#) for districts created pursuant to [chapter 474](#) of NRS;
3. Clear public highways and private lands of dry grass, stubble, bushes, rubbish and other inflammable material which in its judgment constitute a fire hazard;
4. Coordinate fire protection activities with the State Forester Firewarden; and
5. Cooperate with the State Forester Firewarden in formulating a statewide plan for the prevention and control of fires.

(Added to NRS by [1977, 525](#); A [1991, 382](#); [1993, 1554](#); [2011, 2477](#))

NRS 318.1185 Emergency medical services. In the case of a district created wholly or in part for furnishing emergency medical services, the board may:

1. Acquire any equipment and property necessary for those services;
2. Hire and supervise emergency medical technicians certified pursuant to [chapter 450B](#) of NRS and other personnel necessary to carry out the functions of the district; and
3. Fix rates or charges for the use of the services furnished by the district and change those rates or charges as it considers necessary.

(Added to NRS by [1985, 1798](#))

NRS 318.1187 Facilities for FM radio.

1. In the case of a district created wholly or in part for acquiring facilities for FM radio, the board has the power to:

(a) Acquire broadcast, transmission and relay improvements for FM radio.

(b) Levy special assessments against specially benefited real property on which are located receivers operated within the district and able to receive broadcasts of FM radio supplied by the district.

(c) Fix tolls, rates and other service or use charges for services furnished by the district or facilities of the district, including, without limitation, any one, all or any combination of the following:

- (1) Flat rate charges;
- (2) Charges classified by the number of receivers;
- (3) Charges classified by the value of property served by receivers of FM radio;
- (4) Charges classified by the character of the property served by receivers of FM radio;
- (5) Minimum charges;
- (6) Stand-by charges; or
- (7) Other charges based on the availability of service.

2. The district does not have the power in connection with the basic power stated in this section to:

(a) Borrow money which loan is evidenced by the issuance of any general obligation bonds or other general obligations of the district.

(b) Rebroadcast an FM radio signal in a community served by a commercial radio station licensed by the Federal Communications Commission.

(Added to NRS by [1995, 1904](#))

NRS 318.119 Public cemeteries. In the case of a district created wholly or in part for acquiring public cemetery improvements, the board shall have the power to:

1. Maintain a cemetery for the use of all inhabitants of the district, and for that purpose shall be capable of holding title to property in trust for the district.

2. Levy annually, except for the payment of any outstanding general obligation bonds of the district, a general (ad valorem) property tax of not exceeding 2 mills on each dollar of assessed valuation of taxable property, for purposes pertaining to the basic purpose stated in this section.

3. Levy annually such a tax fully sufficient to pay the principal of, interest on and any prior redemption premium due in connection with any outstanding general obligation bonds pertaining to the basic purpose stated in this section.

4. The district shall not have the power in connection with the basic power stated in this section to:

(a) Levy special assessments; or

(b) Borrow money which loan is evidenced by the issuance of any revenue bonds, special assessment bonds or other special obligations of the district.

(Added to NRS by [1967, 1697](#); A [1969, 201](#))

NRS 318.1191 Swimming pools.

1. In the case of a district created wholly or in part for acquiring swimming pool improvements, the board shall have power to acquire real property swimming pool improvements, appurtenant shower, locker and other bathhouse facilities, and lighting, filtration and other equipment pertaining thereto.

2. The district shall not have the power in connection with the basic power stated in this section to:

(a) Levy special assessments; nor

(b) Borrow money which loan is evidenced by the issuance of any special assessment bonds or other special obligations payable from special assessments.

(Added to NRS by [1967, 1697](#))

NRS 318.1192 Facilities for television. In the case of a district created wholly or in part for acquiring television maintenance facilities, the board shall have power to:

1. Acquire television broadcast, transmission and relay improvements and construct and operate a video service network pursuant to [chapter 711](#) of NRS.

2. Levy special assessments against specially benefited real property on which are located television receivers operated within the district and able to receive television broadcasts supplied by the district.

3. Fix tolls, rates and other service or use charges for services furnished by the district or facilities of the district, including, without limitation, any one, all or any combination of the following:

- (a) Flat rate charges;
- (b) Charges classified by the number of receivers;
- (c) Charges classified by the value of property served by television receivers;
- (d) Charges classified by the character of the property served by television receivers;
- (e) Minimum charges;
- (f) Stand-by charges; or
- (g) Other charges based on the availability of service.

4. The district shall not have the power in connection with the basic power stated in this section to borrow money which loan is evidenced by the issuance of any general obligation bonds or other general obligations of the district.

(Added to NRS by [1967, 1697](#); A [1971, 204](#); [2001, 2084](#); [2007, 1383](#))

NRS 318.1195 Fencing. In the case of a district created wholly or in part for acquiring fencing improvements, the board shall have the power to construct, reconstruct or replace fences for the protection of any area within the district and to acquire improvements necessary thereto.

(Added to NRS by [1971, 261](#))

NRS 318.120 Streets and alleys.

1. In the case of a district created wholly or in part for acquiring paving, the board shall have the power to grade and regrade and to surface and to resurface streets, alleys and public highways, and parts thereof, within the district, with suitable material, and to acquire street and alley improvements necessary and incidental thereto.

2. Such street, alley and public highway improvements may include, without limitation, grades, regrades, gravel, oiling, surfacing, macadamizing, paving, crosswalks, driveway inlets, curb cuts, curbs, sidewalks, gutters, valley gutters, catch basins, culverts, drains, sewers, manholes, inlets, outlets, retaining walls, bridges, overpasses, tunnels, underpasses, approaches, artificial lights and lighting equipment, grade separators, traffic separators, traffic-control equipment, off-street parking facilities and structures, parkways, canals and other water type streets, or any combination thereof.

(Added to NRS by [1959, 462](#); A [1971, 1053](#))

NRS 318.125 Curbs, gutters and sidewalks. In the case of a district created wholly or in part for acquiring curb and gutter, the board shall have the power to improve streets within the district by grading and regrading and by the construction and reconstruction of curb, gutter and combined curb and gutter, in combination with sidewalk or otherwise, and to acquire improvements necessary and incidental to the foregoing improvements, including, without limiting the generality thereof, drains, catch basins, valley gutters, driveway inlets and the removal of existing improvements.

(Added to NRS by [1959, 462](#))

NRS 318.130 Sidewalks. In the case of a district created wholly or in part for acquiring sidewalk, the board shall have the power to construct, reconstruct, replace or extend sidewalks, adjacent to or in combination with curb and gutter or otherwise, within the district, and to acquire improvements necessary and incidental thereto.

(Added to NRS by [1959, 462](#))

NRS 318.135 Storm drainage or flood control. In the case of a district created wholly or in part for acquiring, improving or operating storm drainage or flood control improvements, the board may construct, reconstruct, replace or extend storm sewer and other drainage or flood control facilities and improvements necessary and incidental thereto within the district, including, but not limited to, the laying of pipes and the erection of catch basins, drains and necessary inlets and outlets.

(Added to NRS by [1959, 462](#); A [1991, 1708](#))

NRS 318.140 Sanitary sewer improvements. In the case of a district created wholly or in part for acquiring sanitary sewer improvements:

1. The board may:

(a) Construct, reconstruct, improve or extend the sanitary sewer system or any part thereof, including, without limitation, mains, laterals, wyes, tees, meters and collection, treatment and disposal plants.

(b) Sell any product or by-product thereof and acquire the appropriate outlets within or without the district and extend the sewer lines of the district thereto.

(c) Enter into and perform, without any election, contracts or agreements for a term not to exceed 50 years with any person or a public agency, to provide the services, equipment or supplies necessary or appropriate to conduct tests of the discharge of pollutants into the state's water and to report the results of those tests as required by [chapter 445A](#) of NRS or the regulations adopted thereunder. For the purposes of this paragraph, "public agency" has the meaning ascribed to it in [NRS 277.100](#).

2. The provisions of [chapters 332 and 339](#) of NRS do not apply to a contract under which a private developer extends a sewer main to his or her development or installs any appurtenances to that extension. Except as otherwise provided in this subsection, the provisions of [chapter 338](#) of NRS do not apply to such a contract. If the developer does not pay all of the initial construction costs of the extension, the provisions of [NRS 338.013](#) to [338.090](#), inclusive, apply to the contract. The board, the developer, any contractor who is awarded a contract or enters into an agreement to perform the extension or installation of appurtenances to the extension, and any subcontractor who performs any portion of the

extension or installation of appurtenances to the extension shall comply with the provisions of [NRS 338.013](#) to [338.090](#), inclusive, in the same manner as if the board had undertaken the extension or had awarded the contract.

(Added to NRS by [1959, 463](#); A [1967, 1711](#); [1971, 1053](#); [1977, 541](#); [1983, 1285](#); [1995, 12](#); [2019, 712](#))

NRS 318.141 Lighting of streets. The board shall have the power to acquire, construct, reconstruct, improve, extend or better a works, system or facilities for lighting public streets, ways and places. It may also, without calling for bids, contract for providing such facilities and the electrical current necessary therefor, or such current, with any public utility serving in the district, at uniform rates and charges established for the utility operator.

(Added to NRS by [1963, 626](#))

NRS 318.142 Collection and disposal of garbage and refuse. The board shall have the power to acquire, by purchase or lease, sites for the disposal of garbage and refuse, and to own and operate equipment for the collection and disposal of, and collect and dispose of, garbage and refuse, or to contract, without calling for bids, for the collection and disposal of garbage and refuse from within the district.

(Added to NRS by [1963, 626](#))

NRS 318.143 Recreational facilities.

1. Subject to the provisions of subsection 2, the board may acquire, construct, reconstruct, improve, extend and better lands, works, systems and facilities for recreation.

2. If the proposed recreational facilities are situated within 7 miles from the boundary of an incorporated city or unincorporated town, and if the county in which the proposed recreational facilities are situated has adopted a recreation plan pursuant to [NRS 278.010](#) to [278.630](#), inclusive, the authority conferred by subsection 1 may be exercised only in conformity with such plan.

3. Such recreational facilities may include without limitation exposition buildings, museums, skating rinks, other type rinks, fieldhouses, sports arenas, bowling alleys, swimming pools, stadiums, golf courses, tennis courts, squash courts, other courts, ball fields, other athletic fields, tracks, playgrounds, bowling greens, ball parks, public parks, promenades, beaches, marinas, levees, piers, docks, wharves, boat basins, boathouses, harbors, anchorages, gymnasiums, appurtenant shower, locker and other bathhouse facilities, amusement halls, dance halls, concert halls, theaters, auditoriums, aviaries, aquariums, zoological gardens, biological gardens and vivariums (or any combination thereof).

(Added to NRS by [1965, 1088](#); A [1967, 1714](#); [1971, 1054](#))

NRS 318.144 Supply, storage and distribution of water.

1. The board may acquire, construct, reconstruct, improve, extend or better a works, system or facilities for the supply, storage and distribution of water for private and public purposes.

2. The provisions of [chapters 332](#) and [339](#) of NRS do not apply to a contract under which a private developer constructs water facilities for his or her development. Except as otherwise provided in this subsection, the provisions of [chapter 338](#) of NRS do not apply to such a contract. If the developer does not pay all of the initial construction costs of the facility, the provisions of [NRS 338.013](#) to [338.090](#), inclusive, apply to the contract. The board, the developer, any contractor who is awarded a contract or enters into an agreement to perform the construction of the facility, and any subcontractor who performs any portion of the construction of the facility shall comply with the provisions of [NRS 338.013](#) to [338.090](#), inclusive, in the same manner as if the board had undertaken the construction or had awarded the contract.

(Added to NRS by [1961, 464](#); A [1967, 1712](#); [1971, 1054](#); [1973, 716](#); [1977, 542](#); [1995, 12](#); [2019, 712](#))

NRS 318.1445 District not required to furnish water for artificial lake or stream when prohibited by ordinance in certain counties; exceptions. In any county whose population is 700,000 or more:

1. Except as otherwise provided in subsection 2, nothing in this chapter requires a district to furnish water for the purpose of filling or maintaining an artificial lake or stream where that use of water is prohibited or restricted by ordinance of:

- (a) The county, if the artificial lake or stream is located within the unincorporated areas of the county; or
- (b) A city, if the artificial lake or stream is located within the boundaries of the city.

2. The provisions of subsection 1 and of any ordinance referred to in subsection 1 do not apply to:

- (a) Water stored in an artificial reservoir for use in flood control, in meeting peak water demands or for purposes relating to the treatment of sewage;
- (b) Water used in a mining reclamation project; or
- (c) A body of water located in a recreational facility that is open to the public and owned or operated by the United States or the State of Nevada.

(Added to NRS by [1989, 1445](#); A [2011, 1214](#))

NRS 318.145 Operation, maintenance and repair of improvements. The board shall have the power to operate, maintain and repair the improvements acquired by the district, including, without limitation, the maintenance and repair of dedicated streets and alleys and the removal of snow therefrom, and all facilities of the district relating to any basic power which the district is authorized to exercise, and in connection therewith to exercise from time to time any one, all or any combination of the incidental powers provided in this chapter and any law supplemental thereto, except as may be otherwise provided in this chapter or in any such supplemental law.

(Added to NRS by [1959, 463](#); A [1967, 1698](#); [2001, 2084](#))

NRS 318.160 Acquisition and disposal of and encumbrances on property. Except as otherwise provided in [NRS 318.512](#) to [318.5126](#), inclusive, the board shall have the power to acquire, dispose of and encumber real and personal property, and any interest therein, including leases, easements, and revenues derived from the operation thereof. The

constitutional and inherent powers of the legislature are hereby delegated to the board for the acquisition, disposal and encumbrance of property; but the board shall in no case receive title to property already devoted to public purpose or use, except with the consent of the owners of such property, and except upon approval of a majority of the board.

(Added to NRS by [1959, 464](#); A [2019, 2571](#))

NRS 318.165 Entry on land, water or premises to survey or inspect. The board shall have the power to enter on any lands, waters and premises for the purposes of making surveys, soundings, examinations, tests and inspections.

(Added to NRS by [1959, 464](#))

NRS 318.170 Water, drainage, sewerage and disposal of garbage and other refuse: Approval of system; additional powers.

1. The board may, in connection with a district with basic powers relating to storm drainage facilities, sanitary sewer facilities, refuse collection and disposal facilities, and water facilities, or any combination of such facilities:

(a) Consult with the Division of Public and Behavioral Health of the Department of Health and Human Services about any system or proposed system of drainage or sewage or garbage and other refuse collection and disposal as to the best method of disposing of the district's drainage or sewage or garbage and other refuse with reference to the existing and future needs of other cities, towns, districts or other persons which may be affected, and submit to the Division of Public and Behavioral Health for its advice and approval the district's proposed system of drainage or sewage or garbage and other refuse disposal and collection, including without limitation both liquid wastes and solid wastes.

(b) Except as limited by the provisions of paragraph (c), compel all owners of inhabited property in the district to use the district's system for the collection and disposal of sewage, garbage and other refuse, either as to liquid wastes, or solid wastes, or both liquid wastes and solid wastes, by connection with the district's sewer system or otherwise, except for industrial property for which arrangements have been made with local health authorities for the disposal of wastes.

(c) Cause a connection by an owner of inhabited property to such a system if a service line is brought by the district to a point within 400 feet of his or her dwelling place, and upon a failure of the owner so to connect within 60 days after written mailed notice by the board, cause:

(1) The connection to be made by a person other than an owner; and

(2) A lien to be filed against the property for expense incurred in making the connection.

(d) Make and enforce all necessary regulations for the removal of sewage, garbage or other refuse, and for the proper use of water within the district.

(e) Make all other sanitary regulations not in conflict with the Constitution or laws of this State, and provide that any person who violates these regulations or ordinances shall be punished by a fine not to exceed \$100 or by imprisonment not to exceed 1 month, or by both fine and imprisonment.

(f) Provide that any industrial user who violates a federally mandated standard shall be punished by a fine not to exceed \$1,000 per day for each day the violation continues.

2. A district shall not proceed to acquire or improve any system of water supply, drainage or sewage disposal or garbage and other refuse collection and disposal without first obtaining the approval of the county board of health.

3. As used in this section:

(a) "Drainage" means rainfall, surface and subsoil water.

(b) "Sewage" means domestic and industrial filth and waste.

(Added to NRS by [1959, 464](#); A [1963, 901](#); [1967, 1153](#), [1699](#); [1969, 24](#); [1985, 271](#); [1991, 345](#))

NRS 318.175 Management of district's business; acquisition and operation of projects. The board shall have the power:

1. To manage, control and supervise all the business and affairs of the district.

2. To acquire, improve, equip, operate and maintain any district project.

(Added to NRS by [1959, 464](#))

NRS 318.180 Employees: Power to hire and retain. The board shall have the power to hire and retain agents, employees, servants, engineers and attorneys, and any other persons necessary or desirable to effect the purposes of this chapter.

(Added to NRS by [1959, 464](#))

NRS 318.185 Employees: Duties and compensation. The board shall have the power to prescribe the duties of officers, agents, employees and servants, and fix their compensation.

(Added to NRS by [1959, 464](#))

NRS 318.190 Eminent domain. The board shall have and may exercise the power of eminent domain and dominant eminent domain in the manner provided by law for the condemnation by a city of private property for public use to take any property necessary to the exercise of the powers granted, both within and without the district.

(Added to NRS by [1959, 464](#))

NRS 318.195 Construction of works across watercourse, highway or vacant public land; restoration of property.

1. The board shall have the power to construct and maintain works and establish and maintain facilities across or along any public street or highway, and in, upon or over any vacant public lands, which public lands are, or may become, the property of the State of Nevada, and to construct works and establish and maintain facilities across any stream of water or watercourse.

2. The board shall promptly restore any such street or highway to its former state of usefulness as nearly as may be, and shall not use the same in such manner as to impair completely or unnecessarily the usefulness thereof.

(Added to NRS by [1959, 464](#))

NRS 318.197 Rates, tolls and charges; liens; regulations governing connection and disconnection for facilities and services of district; collection of charges and penalties.

1. The board may fix, and from time to time increase or decrease, electric energy, cemetery, swimming pool, other recreational facilities, television, FM radio, sewer, water, storm drainage, flood control, snow removal, lighting, garbage or refuse rates, tolls or charges other than special assessments, including, but not limited to, service charges and standby service charges, for services or facilities furnished by the district, charges for the availability of service, annexation charges, and minimum charges, and pledge the revenue for the payment of any indebtedness or special obligations of the district.

2. Upon compliance with subsection 9 and until paid, all rates, tolls or charges constitute a perpetual lien on and against the property served. A perpetual lien is prior and superior to all liens, claims and titles other than liens of general taxes and special assessments and is not subject to extinguishment by the sale of any property on account of nonpayment of any liens, claims and titles including the liens of general taxes and special assessments. A perpetual lien must be foreclosed in the same manner as provided by the laws of the State of Nevada for the foreclosure of mechanics' liens. Before any lien is foreclosed, the board shall hold a hearing thereon after providing notice thereof by publication and by registered or certified first-class mail, postage prepaid, addressed to the last known owner at his or her last known address according to the records of the district and the real property assessment roll in the county in which the property is located.

3. The board shall prescribe and enforce regulations for the connection with and the disconnection from properties of the facilities of the district and the taking of its services.

4. The board may provide for the collection of charges. Provisions may be made for, but are not limited to:

(a) The granting of discounts for prompt payment of bills.

(b) The requiring of deposits or the prepayment of charges in an amount not exceeding 1 year's charges from persons receiving service and using the facilities of the enterprise or from the owners of property on which or in connection with which services and facilities are to be used. In case of nonpayment of all or part of a bill, the deposits or prepaid charges must be applied only insofar as necessary to liquidate the cumulative amount of the charges plus penalties and cost of collection.

(c) The requiring of a guaranty by the owner of property that the bills for service to the property or the occupants thereof will be paid.

5. The board may provide for a basic penalty for nonpayment of the charges within the time and in the manner prescribed by it. The basic penalty must not be more than 10 percent of each month's charges for the first month delinquent. In addition to the basic penalty, the board may provide for a penalty of not exceeding 1.5 percent per month for nonpayment of the charges and basic penalty. The board may prescribe and enforce regulations that set forth the date on which a charge becomes delinquent. The board may provide for collection of the penalties provided for in this section.

6. The board may provide that charges for any service must be collected together with and not separately from the charges for any other service rendered by it, and that all charges must be billed upon the same bill and collected as one item.

7. The board may enter into a written contract with any person, firm or public or private corporation providing for the billing and collection by the person, firm or corporation of the charges for the service furnished by any enterprise. If all or any part of any bill rendered by the person, firm or corporation pursuant to a contract is not paid and if the person, firm or corporation renders any public utility service to the person billed, the person, firm or corporation may discontinue its utility service until the bill is paid, and the contract between the board and the person, firm or corporation may so provide.

8. As a remedy established for the collection of due and unpaid deposits and charges and the penalties thereon an action may be brought in the name of the district in any court of competent jurisdiction against the person or persons who occupied the property when the service was rendered or the deposit became due or against any person guaranteeing payment of bills, or against any or all such persons, for the collection of the amount of the deposit or the collection of delinquent charges and all penalties thereon.

9. A lien against the property served is not effective until a notice of the lien, separately prepared for each lot affected, is:

(a) Mailed to the last known owner at his or her last known address according to the records of the district and the real property assessment roll of the county in which the property is located;

(b) Delivered by the board to the office of the county recorder of the county within which the property subject to such lien is located;

(c) Recorded by the county recorder in a book kept by the county recorder for the purpose of recording instruments encumbering land; and

(d) Indexed in the real estate index as deeds and other conveyances are required by law to be indexed.

(Added to NRS by [1959, 465](#); [A 1963, 632](#); [1967, 1700](#); [1969, 95](#); [1971, 187](#), [1054](#); [1975, 137](#); [1977, 542](#); [1991, 1708](#); [1995, 1906](#); [1997, 452](#); [2005, 727](#))

NRS 318.199 Rates, tolls and charges for sewerage or water services or products: Schedules; public hearings; adoption of resolution; action to set aside resolution.

1. The board of trustees of any district organized or reorganized under this chapter and authorized to furnish sanitary sewer facilities pursuant to [NRS 318.140](#) or to furnish water facilities pursuant to [NRS 318.144](#) shall establish schedules showing all rates, tolls or charges for services performed or products furnished.

2. Whenever the board of trustees proposes to change any individual or joint rate, toll, charge, service or product, or any individual or joint practice which will affect any rate, toll, charge, service or product, the board of trustees shall hold public hearings after 30 days' notice has been given to all users of the service or product within the district.

3. Notice shall be given by publication in a newspaper published in the county and if no such newspaper is published, then a newspaper published in this state which has a general circulation in the county. The notice shall not be placed in that portion of the newspaper where legal notices and classified advertisements appear and the type used in the headline of such notice shall not be smaller than 18 point.

4. All users of the service or product shall be afforded a reasonable opportunity to submit data, views or arguments orally or in writing at the place, date and time specified in the notice, or at any subsequent place or time to which the hearing may be adjourned.

5. If, after public hearing, the board of trustees determines that the proposed action is required, the board shall adopt a resolution establishing the new or changed rates, tolls, charges, services to be performed or products to be furnished.

6. Within 30 days immediately following the effective date of such resolution, any person who has protested it may commence an action in any court of competent jurisdiction to set aside the resolution.

7. Within 30 days after the effective date of the resolution, the secretary of the district shall file a copy of the new schedules in the office of the district. The schedules shall be made available to any user of the service or product.

(Added to NRS by 1977, 541)

NRS 318.201 Procedure for collection of service charges on tax roll.

1. Any board which has adopted rates pursuant to this chapter may, by resolution or by separate resolutions, elect to have such charges for the forthcoming fiscal year collected on the tax roll in the same manner, by the same persons, and at the same time as, together with and not separately from, the county's general taxes. In such event, it shall cause a written report to be prepared and filed with the secretary, which shall contain a description of each parcel of real property receiving such services and facilities and the amount of the charge for each parcel for such year, computed in conformity with the charges prescribed by the resolution.

2. The powers authorized by this section are alternative to all other powers of the district, and alternative to other procedures adopted by the board for the collection of such charges.

3. The real property may be described by reference to maps prepared by and on file in the office of the county assessor or by descriptions used by the county assessor, or by reference to plats or maps on file in the office of the secretary.

4. The board may make the election specified in subsection 1 with respect only to delinquent charges and may do so by preparing and filing the written report, giving notice and holding the hearing therein required only as to such delinquencies.

5. The secretary shall cause notice of the filing of the report and of a time and place of hearing thereon to be published once a week for 2 weeks prior to the date set for hearing, in a newspaper of general circulation printed and published within the district if there is one and if not then in such paper printed and published in a county within which the district is located.

6. Before the board may have such charges collected on the tax roll, the secretary shall cause a notice in writing of the filing of the report proposing to have such charges for the forthcoming fiscal year collected on the tax roll and of the time and place of hearing thereon, to be mailed to each person to whom any parcel or parcels of real property described in the report is assessed in the last equalized assessment roll available on the date the report is prepared, at the address shown on the assessment roll or as known to the secretary. If the board adopts the report, then the requirements for notice in writing to the persons to whom parcels of real property are assessed does not apply to hearings on reports prepared in subsequent fiscal years but notice by publication as provided in this section is adequate.

7. At the time stated in the notice, the board shall hear and consider all objections or protests, if any, to the report referred to in the notice and may continue the hearing from time to time. If the board finds that protest is made by the owners of a majority of separate parcels of property described in the report, then the report shall not be adopted and the charges shall be collected separately from the tax roll and shall not constitute a lien against any parcel or parcels of land.

8. Upon the conclusion of the hearing, the board may adopt, revise, change, reduce or modify any charge or overrule any or all objections and shall make its determination upon each charge as described in the report, which determination is final.

9. After the hearing, when the board has made a final decision on a service charge or fee to be collected on the county tax roll, the secretary shall prepare and file a final report, which shall contain a description of each parcel receiving the services and the amount of the charge, with the county assessor for inclusion on the assessment roll. If a report is filed after the closing of the assessment roll but before the extension of the tax roll, the auditor shall insert the charges in such extension.

10. The amount of the charges shall constitute a lien against the lot or parcel of land against which the charge has been imposed as of the time when the lien of taxes on the roll attach.

11. The county treasurer shall include the amount of the charges on bills for taxes levied against the respective lots and parcels of land. Thereafter the amount of the charges shall be collected at the same time and in the same manner and by the same persons as, together with and not separately from, the general taxes for the county. The charges shall become delinquent at the same time as such taxes and are subject to the same delinquency penalties.

12. All laws applicable to the levy, collection and enforcement of general taxes of the county, including, but not limited to, those pertaining to the matters of delinquency, correction, cancellation, refund, redemption and sale, are applicable to such charges.

13. The county treasurer may issue separate bills for such charges and separate receipts for collection on account of such charges.

(Added to NRS by 1963, 626; A 1967, 1701; 1975, 465)

NRS 318.202 Procedure for collection of charges for connecting to water, drainage or sewerage facilities on tax roll or by special assessments.

1. Subject to NRS 318.199, the board may by resolution:

- (a) Fix fees or charges for the privilege of connecting to its water, drainage or sewerage facilities;
- (b) Fix the time or times at which such fees or charges shall become due;
- (c) Provide for the payment of such fees or charges prior to connection or in installments over a period of not to exceed 15 years; and
- (d) Provide the rate of interest, not to exceed 6 percent per annum, to be charged on the unpaid balance of such fees or charges.

2. The amount of such fees or charges and the interest thereon constitute a lien against the respective lots or parcels of land to which the facilities are connected if the board complies with subsection 9 and gives notice to the owners of the lots or parcels of land affected.

3. The notice shall set forth:

- (a) The schedule of fees or charges to be imposed.
- (b) A description of the property subject to such fees or charges, which description may be as provided in subsection 3 of NRS 318.201.
- (c) The time or times at which such fees or charges shall become due.
- (d) The number of installments in which such fees or charges shall be payable.
- (e) The rate of interest, not to exceed 6 percent per annum, to be charged on the unpaid balance of such fees or charges.
- (f) That it is proposed that the fees or charges and interest thereon shall constitute a lien against the lots or parcels of land to which the facilities are furnished.

(g) The time and place at which the board will hold a hearing at which persons may appear and present any and all objections they may have to the imposition of the fees or charges as a lien against the land.

4. The notice shall be published once a week for 2 weeks prior to the date set for hearing. At least 10 days prior to the date of hearing, written notice shall be mailed to all persons owning land subject to such fees or charges, whose names and addresses appear on the last equalized assessment roll.

5. At the time stated in the notice the board shall hear and consider all objections or protests, if any, to the imposition of the fees or charges as set forth in the notice and may continue the hearing from time to time.

6. Upon the conclusion of the hearing, the board may adopt, revise, change, reduce or modify the fees or charges or may overrule any or all objections and make its determination, which determination is final.

7. Prior to the time the county treasurer posts taxes to the county tax roll following such final determination, the board shall certify to the county auditor a list of the lots or parcels of land, as they appear on the current assessment roll, subject to such fees or charges and the amounts of the installments of such fees or charges and interest to be entered against such lots or parcels on the assessment roll. If a lot or parcel connected to the facilities is subsequently divided into two or more lots or parcels as shown on the current assessment roll, the board shall designate the lot or parcel that remains connected to the facilities and against which the installments of the fees or charges and interest are to be entered.

8. The county treasurer shall annually collect the charges or the respective installments thereof as provided in subsections 10 to 13, inclusive, of [NRS 318.201](#).

9. A lien against the respective lots or parcels of land to which the facilities are connected is not effective until a notice of the lien, separately prepared for each lot or parcel, is:

- (a) Delivered by the board to the office of the county recorder of the county within which the property subject to such lien is located;
 - (b) Recorded by the county recorder in a book kept by the county recorder for the purpose of recording instruments encumbering land; and
 - (c) Indexed in the real estate index as deeds and other conveyances are required by law to be indexed.
- (Added to NRS by [1963, 628](#); A [1967, 1703](#); [1977, 544](#))

NRS 318.203 Structure reasonably believed to be used as dwelling unit in certain counties: Affidavit filed by employee of district or other person; notice and hearing; resolution to charge owner of dwelling unit for services provided by district.

1. If an employee of a general improvement district or other person has a reasonable belief that a dwelling unit exists that is not currently being charged for services provided by a general improvement district in a county whose population is less than 700,000, the employee or other person may submit an affidavit to the board of trustees of the district, setting forth the facts upon which the employee or other person bases his or her belief, including, without limitation, personal knowledge and visible indications of use of the property as a dwelling unit.

2. If a board of trustees receives an affidavit described in subsection 1, the board may set a date for a hearing to determine whether the unit referenced in the affidavit is being used as a dwelling unit. At least 30 days before the date of such a hearing, the board shall send a notice by certified mail, return receipt requested, to the owner of the property where the unit referenced in the affidavit is located at the address listed in the real property assessment roll in the county in which the property is located. The notice must specify the purpose, date, time and location of the hearing.

3. Except as otherwise provided in this subsection, if, after the hearing, the board determines that the unit referenced in the affidavit submitted pursuant to subsection 1 is being used as a dwelling unit, the board may adopt a resolution by the affirmative votes of not less than two-thirds of the total membership of the board to charge the owner pursuant to [NRS 318.197](#) for the services provided by the district to the dwelling unit. The board shall not adopt such a resolution if the owner provides evidence satisfactory to the board that the unit referenced in the affidavit is not being used as a dwelling unit.

4. As used in this section:

(a) "Dwelling unit" means a structure that is designed for residential occupancy by one or more persons for living and sleeping purposes, consisting of one or more rooms, including a bathroom and kitchen. The term does not include a hotel or a motel.

(b) "Kitchen" means a room, all or part of which is designed or used for storage, refrigeration, cooking and preparation of food.

(c) "Owner" means a person to whom the parcel of real property upon which the unit referenced in an affidavit submitted pursuant to subsection 1 is located is assessed in the most recent assessment roll available.

(Added to NRS by [2001, 1709](#); A [2011, 1215](#))

NRS 318.205 Bylaws. The board shall have the power to adopt and amend bylaws, not in conflict with the Constitution and laws of the State:

1. For carrying on the business, objects and affairs of the board and of the district.

2. Regulating the use or right of use of any project or improvement.

(Added to NRS by [1959, 465](#); A [1967, 1715](#))

NRS 318.210 Implied powers. The board shall have and exercise all rights and powers necessary or incidental to or implied from the specific powers granted in this chapter. Such specific powers shall not be considered as a limitation upon any power necessary or appropriate to carry out the purposes and intent of this chapter.

(Added to NRS by [1959, 465](#))

NRS 318.215 Conveyance of facilities to city or town; assumption of indebtedness; dissolution of district.

1. When a district abuts a city or town, the board shall have the power to convey to such city or town, at the discretion of the district and with the consent of the governing authority thereof, all of the property of such district upon the condition that such city or town:

- (a) Will operate and maintain such property, regardless of whether the area comprising the district is annexed to the municipality; and

(b) May assume all of the indebtedness of such district upon such conditions as the county or town and the governing body of the district may agree.

2. Upon such conveyance and assumption of indebtedness the district shall be dissolved and a certificate to such effect shall be signed by the clerical officer of the city or town and filed with the Secretary of State and county clerk of any county in which the ordinance creating the district is filed.

(Added to NRS by [1959, 465](#); A [1965, 1081](#))

NRS 318.220 Conveyances by cities, counties, districts or other owners to general improvement districts.

1. Except as otherwise provided in [NRS 318.512](#) to [318.5126](#), inclusive, any municipality, county, special district or owner may sell, lease, grant, convey, transfer or pay over to any district, with or without consideration, any project or any part thereof or any interest in real or personal property or any money available for construction or improvement purposes, including the proceeds of bonds issued before, on or after March 30, 1959, for construction or improvement purposes which may be used by the district in the construction, improvement, maintenance or operation of any project.

2. Any municipality, county or special district is also authorized to transfer, assign and set over to any district any contracts which may have been awarded by the municipality, county or special district for the construction of projects not begun or, if begun, not completed.

3. The territory being served by any project or the territory within which the project is authorized to render service at the time of the acquisition of the project by a district must include the area served by the project and the area in which the project is authorized to serve at the time of acquisition and any other area into which the service may be extended within the district. If an election is required either by general law or charter provision to authorize the transfer, such election must be called and conducted as provided by law.

(Added to NRS by [1959, 466](#); A [1997, 1609](#); [2019, 2572](#))

TAXATION

NRS 318.225 Power to levy taxes. In addition to the other means for providing revenue for such districts, the board shall have power and authority to levy and collect general (ad valorem) taxes on and against all taxable property within the district, such levy and collection to be made by the board in conjunction with the county and its officers as set forth in this chapter.

(Added to NRS by [1959, 466](#))

NRS 318.230 Levy and collection of taxes.

1. To levy and collect taxes, the board shall determine, in each year, the amount of money necessary to be raised by taxation, taking into consideration other sources of revenue of the district, and shall fix a rate of levy which, when levied upon every dollar of assessed valuation of taxable property within the district, and together with other revenues, will raise the amount required by the district annually to supply money for paying:

(a) The expenses of organization and the costs of operating and maintaining the works and equipment of the district; and

(b) The costs of acquiring the works and equipment of the district and, when due, all interest on and principal of general obligation bonds and other general obligations of the district.

➤ In the event of accruing defaults or deficiencies, an additional levy may be made as provided in [NRS 318.235](#). The board shall identify separately the rate of tax which is levied pursuant to paragraph (a) and the rate which is levied pursuant to paragraph (b) and shall make such information available to the public upon request. The board shall not continue to levy a rate of tax pursuant to paragraph (b) after the cost to the district of acquiring the particular work or equipment for which the rate was levied has been recovered in full.

2. The board shall certify to the board of county commissioners, at the same time as fixed by law for certifying thereto tax levies of incorporated cities, the rate so fixed with directions that at the time and in the manner required by law for levying taxes for county purposes such board of county commissioners shall levy such tax upon the assessed valuation of all taxable property within the district, in addition to such other taxes as may be levied by such board of county commissioners at the rate so fixed and determined.

(Added to NRS by [1959, 466](#); A [1999, 793](#))

NRS 318.235 Levies to cover deficiencies.

1. The board, in certifying annual levies, shall take into account the maturing general obligation indebtedness for the ensuing year as provided in its contracts, maturing general obligation bonds and interest on such bonds, and deficiencies and defaults of prior years, and shall make ample provision for the payment thereof.

2. In case the money produced from such levies, together with other revenues of the district, is not sufficient punctually to pay the annual installments on such obligations, and interest thereon, and to pay defaults and deficiencies, the board shall make such additional levies of taxes as may be necessary for such purposes, and, notwithstanding any limitations, such taxes must be made and continue to be levied until the general obligation indebtedness of the district is fully paid but must not continue after that date.

(Added to NRS by [1959, 466](#); A [1999, 793](#))

NRS 318.240 County officers to levy and collect; liens.

1. The body having authority to levy taxes within each county shall levy the taxes provided in this chapter.

2. All officials charged with the duty of collecting taxes shall collect such taxes at the time and in the same form and manner, and with like interest and penalties, as other taxes are collected and when collected shall pay the same to the district ordering its levy and collection. The payment of such collections shall be made monthly to the treasurer of the district and paid into the depository thereof to the credit of the district.

3. All taxes levied under this chapter, together with interest thereon and penalties for default in payment thereof, and all costs of collecting the same, shall constitute, until paid, a perpetual lien on and against the property taxed; and such lien shall be on a parity with the tax lien of other general taxes.

(Added to NRS by [1959, 467](#))

NRS 318.245 Sales for delinquencies. If the taxes levied are not paid as provided in this chapter, the property subject to the tax lien shall be sold and the proceeds thereof shall be paid over to the district according to the provisions of the laws applicable to tax sales and redemptions.

(Added to NRS by [1959, 467](#))

NRS 318.250 Reserve funds. Whenever any indebtedness or other obligations have been incurred by a district, it shall be lawful for the board to levy taxes and collect revenue for the purpose of creating funds in such amount as the board may determine, which may be used to meet the obligations of the district, for maintenance and operating charges and depreciation, and provide extension of and betterments to the improvements of the district.

(Added to NRS by [1959, 467](#); A [1965, 744](#); [1971, 2108](#))

BOUNDARIES; EXCLUSION AND INCLUSION OF PROPERTY

NRS 318.256 Boundary changes; liability of property.

1. The boundary of any district organized under the provisions of this chapter may be changed in the manner prescribed in [NRS 318.257](#) and [318.258](#), but the change of boundaries of the district shall not impair nor affect its organization, nor shall it affect, impair or discharge any contract, obligation, lien or charge on which it or the property therein might be liable or chargeable had such change of boundaries not been made.

2. Property included within or annexed to a district shall be subject to the payment of taxes, assessments and charges, as provided in [NRS 318.258](#). Real property excluded from a district shall thereafter be subject to the levy of taxes for the payment of its proportionate share of any indebtedness of the district outstanding at the time of such exclusion, and shall be subject to any outstanding special assessment lien thereon. Personal property may be excluded from a district on such terms and conditions as may be prescribed by the board of the district involved.

(Added to NRS by [1967, 1610](#))

NRS 318.257 Exclusion.

1. A fee owner of real property situate in the district, or the fee owners of any real properties which are contiguous to each other and which constitute a portion of the district may file with the board a petition praying that such lands be excluded and taken from the district.

2. Petitions shall:

(a) Describe the property which the petitioners desire to have excluded.

(b) State that the property is not capable of being served with facilities of the district, or would not be benefited by remaining in the district or by any future improvement it might make.

(c) Be acknowledged in the same manner and form as required in case of a conveyance of land.

(d) Be accompanied by a deposit of money sufficient to pay all costs of the exclusion proceedings.

3. The secretary of the board shall cause a notice of filing of such petition to be published, which notice shall:

(a) State the filing of such petition.

(b) State the names of the petitioners.

(c) Describe the property mentioned in the petition.

(d) State the prayer of the petitioners.

(e) Notify all persons interested to appear at the office of the board at the time named in the notice, showing cause in writing, if any they have, why the petition should not be granted.

4. The board at the time and place mentioned in the notice, or at the times to which the hearing of the petition may be adjourned, shall proceed to hear the petition and all objections thereto, presented in writing by any person showing cause why the prayer of the petition should not be granted.

5. The filing of such petition shall be deemed and taken as an assent by each and all such petitioners to the exclusion from the district of the property mentioned in the petition, or any part thereof.

6. The board, if it deems it not for the best interest of the district that the property mentioned in the petition, or portion thereof, be excluded from the district, shall order that the petition be denied in whole or in part, as the case may be.

7. If the board deems it for the best interest of the district that the property mentioned in the petition, or some portion thereof be excluded from the district, the board shall order that the petition be granted in whole or in part, as the case may be.

8. There shall be no withdrawal from a petition after consideration by the board nor shall further objection be filed except in case of fraud or misrepresentation.

9. Upon allowance of such petition, the board shall file for record a certified copy of its resolution making such change, as provided in [NRS 318.075](#).

(Added to NRS by [1967, 1610](#))

NRS 318.258 Inclusion. The boundaries of a district may be enlarged by the inclusion of additional real property therein in the following manner:

1. The fee owner or owners of any real property capable of being served with facilities of the district may file with the board a petition in writing praying that such property be included in the district.

2. The petition shall:

(a) Set forth an accurate legal description of the property owned by the petitioners.

(b) State that assent to the inclusion of such property in the district is given by the signers thereto, constituting all the fee owners of such property.

(c) Be acknowledged in the same manner required for a conveyance of land.

3. There shall be no withdrawal from a petition after consideration by the board nor shall further objections be filed except in case of fraud or misrepresentation.
4. The board shall hear the petition at an open meeting after publishing the notice of the filing of such petition, and of the place, time and date of such meeting, and the names and addresses of the petitioners. The board shall grant or deny the petition and the action of the board is final and conclusive. If the petition is granted as to all or any of the real property therein described, the board shall make an order to that effect, and file it for record as provided in NRS 318.075.
5. If the costs of extending the facilities of the district are paid by the property owners of the area to be included within the district, these property owners are entitled to receive any money charged and collected by the district when additional property owners utilize the facilities which were extended.
6. The board of trustees of the district shall pay to the property owners pro rata shares of the money charged and collected.
7. After the date of its inclusion in such district, such property is subject to all of the taxes and charges imposed by the district, and is liable for its proportionate share of existing general obligation bonded indebtedness of the district; but it is not liable for any taxes or charges levied or assessed prior to its inclusion in the district, nor shall its entry into the district be made subject to or contingent upon the payment or assumption of any penalty, toll or charge, other than any reasonable annexation charge which the board may fix and uniformly assess and the tolls and charges which are uniformly made, assessed or levied for the entire district. Such charges shall be computed in such a manner as not to place a new charge against the district members nor penalize the area annexed.
8. In any district within the region of any interstate compact relating to planning, when any petition for the inclusion of property into any district is denied, the petitioner may appeal the denial to the board of county commissioners of the county in which such district is located, which shall review such denial and may, in its discretion, order that such property be included in the district.
9. The board of county commissioners of any county in which a district is located may by ordinance require the district to include additional real property within its boundaries if:
 - (a) The inclusion is required by a federal law or regulation issued thereunder;
 - (b) The district can provide the services required by the owners of the real property; and
 - (c) The owners of the real property pay the costs of providing the facilities.
 (Added to NRS by 1967, 1611; A 1971, 189; 1977, 545)

ANNEXATION OF TERRITORY BY DISTRICT CREATED TO FURNISH ELECTRICITY

NRS 318.261 Annexation of territory to district. Territory may be annexed to a district created wholly or in part to furnish electric light and power pursuant to NRS 318.261 to 318.272, inclusive.
(Added to NRS by 1989, 1598)

NRS 318.262 Petition to enlarge district; approval of annexation by governing body of city required.

1. The boundaries of a district created wholly or in part to furnish electric light and power may be enlarged by the inclusion of additional real property by a petition, if the real property is capable of being served with the facilities of the district and the petition:
 - (a) Prays that the additional real property be included in the district;
 - (b) Is signed by at least 75 percent of the owners in fee of the real property in the territory; and
 - (c) Is filed with the board of trustees of the district.
2. The boundaries of any district expanded pursuant to the provisions of NRS 318.261 to 318.272, inclusive, must not include any territory of any incorporated city unless the governing body of the incorporated city has approved the annexation of that territory.
(Added to NRS by 1989, 1598)

NRS 318.263 Petition: Contents. The petition must:

1. Set forth a general description of the proposed boundaries of the district or of the territory proposed to be included within the district, with such certainty as to enable an owner of property to determine whether his or her property is within the district.
2. State that the persons signing the petition assent to the inclusion of the property in the district and that 75 percent or more of the owners in fee of the real property in the territory proposed to be included in the district have signed the petition.
3. State that the property sought to be included is not within the boundaries of any other district, town, municipality or public utility which provides the same service as the district into which petitioners seek to be included.
4. State that the petitioners acknowledge that:
 - (a) After the date of inclusion of the real property in the district, it is subject to all of the taxes and charges imposed by the district and is liable for its proportionate share of existing general obligation bonded indebtedness of the district;
 - (b) The property is not liable for any taxes or charges levied or assessed before its inclusion in the district;
 - (c) Entry of the property into the district may not be subject to or contingent upon the payment or assumption of any penalty, toll or charge, other than any reasonable annexation charge which the board may fix and uniformly assess and the tolls and charges which are uniformly made, assessed or levied for the entire district; and
 - (d) Any charge imposed must be computed in a manner that does not impose a new charge on the members of the district and must not penalize the members of the territory to be annexed.
5. Be acknowledged in the same manner required for a conveyance of land.
(Added to NRS by 1989, 1598)

NRS 318.264 Petition; Withdrawal and objections. After consideration of the petition by the board there may be no withdrawal from the petition and no objections to the petition may be filed except an objection of fraud or misrepresentation.

(Added to NRS by [1989, 1599](#))

NRS 318.266 Public hearing; notice; requirements for conducting hearing. The board shall hear the petition at an open meeting after publishing notice of the petition at least 10 days before the meeting in a newspaper of general circulation published in the county or counties in which the territory proposed to be annexed to the district is located. The notice must include notice of the place, date and time of the meeting and the names and addresses of the petitioners. At the time designated in the notice, the board shall conduct a hearing on the petition which is open to the public and any person interested may be heard.

(Added to NRS by [1989, 1599](#))

NRS 318.267 Determination by board; filing of order by county clerk.

1. After conducting a hearing on the petition, the board, in its discretion, shall determine whether to grant or deny the petition. If the petition is granted as to all or any of the real property, the board shall make an order altering the boundaries of the district by annexing to it the territory described in the petition or as modified by the determination of the board.

2. Within 30 days after the effective date of any order made pursuant to subsection 1, the county clerk shall file a copy of the order in the clerk's office and shall cause to be filed an additional copy of the order in the Office of the Secretary of State. The Secretary of State shall not impose a fee for filing the order and shall file the order in the same manner as articles of incorporation are required to be filed under [chapter 78](#) of NRS.

(Added to NRS by [1989, 1599](#))

NRS 318.268 Reimbursement to property owners who paid costs of extending facilities.

1. If the costs of extending the facilities of the district are paid by the property owners of the area to be included within the district, these property owners are entitled to receive any money charged and collected by the district when additional property owners utilize the facilities which were extended.

2. The board of trustees of the district shall pay to the property owners who have paid the cost of extending the facilities, pro rata shares of any money charged and collected by the district when additional property owners utilize the facilities which were extended.

(Added to NRS by [1989, 1599](#))

NRS 318.269 Liability of included real property for taxes, charges and bonded indebtedness of district; exceptions. After the date of its inclusion in a district created wholly or in part to furnish electric light and power, the real property is subject to all of the taxes and charges imposed by the district and is liable for its proportionate share of existing general obligation bonded indebtedness of the district. The property is not liable for any taxes or charges levied or assessed before its inclusion in the district. Entry of the property into the district may not be subject to or contingent upon the payment or assumption of any penalty, toll or charge, other than any reasonable annexation charge which the board may fix and uniformly assess and the tolls and charges which are uniformly made, assessed or levied for the entire district. Any charge imposed must be computed in a manner that does not impose a new charge on the members of the district and must not penalize the members of the territory to be annexed.

(Added to NRS by [1989, 1599](#))

NRS 318.271 Appeal of denied petition to board of county commissioners. When any petition for the inclusion of property into a district created wholly or in part to furnish electric light and power is denied, the petitioner may appeal the denial to the board of county commissioners of the county in which the district is located. The board of county commissioners shall review the denial and may, in its discretion and upon a finding that inclusion would be in the best interests of the district and the petitioners, order that the property be included in the district.

(Added to NRS by [1989, 1600](#))

NRS 318.272 Judicial review. Any party aggrieved by a final decision of the board of county commissioners pursuant to [NRS 318.271](#) may obtain judicial review of the decision, as if the board of county commissioners were a state agency, in the manner provided by [NRS 233B.130 to 233B.150](#), inclusive.

(Added to NRS by [1989, 1600](#); A [1991, 470](#))

BORROWING, BONDS AND SPECIAL ASSESSMENTS

NRS 318.275 Forms of borrowing; approval of debt management commission.

1. Upon the conditions and under the circumstances set forth in this chapter, a district may borrow money and issue the following securities to evidence such borrowing:

- (a) Short-term notes, warrants and interim debentures.
- (b) General obligation bonds.
- (c) Revenue bonds.
- (d) Special assessment bonds.

2. The board of trustees of a district whose population within its boundaries is less than 5,000, shall not borrow money or issue securities to evidence such borrowing unless the board has obtained the approval of the debt management commission of the county in which the district is located.

3. The board of trustees of a district whose population within its boundaries is less than 5,000, shall not forward a resolution authorizing medium-term obligations to the Executive Director of the Department of Taxation unless such financing is approved by the commission.

(Added to NRS by [1959, 469](#); A [1967, 1704](#); [1977, 534](#); [1991, 972](#); [1995, 771](#); [1997, 555](#))

NRS 318.277 Debt limit of district. A district may borrow money and incur or assume indebtedness therefor, as provided in this chapter, so long as the total of all such indebtedness (but excluding revenue bonds, special assessment bonds, and other securities constituting special obligations which are not debts) does not exceed an amount equal to 50 percent of the total of the last assessed valuation of taxable property (excluding motor vehicles) situated within such district.

(Added to NRS by [1965, 1089](#); A [1967, 1704](#); [1977, 251](#))

NRS 318.280 Short-term notes, warrants and interim debentures.

1. A district, upon the affirmative vote of four trustees, is authorized to borrow money without an election in anticipation of the collection of taxes or other revenues (but excluding special assessments) and to issue short-term notes, warrants and interim debentures to evidence the amount so borrowed.

2. Such short-term notes, warrants and interim debentures:

- (a) Shall be payable from the fund for which the money was borrowed.
- (b) Shall mature before the close of the fiscal year in which the money is so borrowed, except for interim debentures.
- (c) Shall not be extended or funded except in compliance with the Local Government Securities Law.

(Added to NRS by [1959, 470](#); A [1967, 1704](#))

NRS 318.320 Revenue bonds: Issuance for acquisition or improvement of facilities. A district created wholly or in part for a basic purpose or basic purposes in connection with which the district may derive revenues from the operation of facilities of the district or from the furnishing of services by the district, or from both such revenue sources, may issue bonds (without the necessity of holding an election and as an alternative or in addition to other forms of borrowing authorized in this chapter) for the purpose of acquiring or improving facilities appertaining to any such basic purpose, and such bonds shall be made payable solely out of the net revenues derived from the operation of such facilities or the furnishing of such services, or from both such revenue sources of the district; but a single bond issue may be had for more than one of such facilities or services and the revenues for any and all of the income-producing facilities and services provided by the district may be pledged to pay for any other such facilities or service. To that end, a single utility fund for all or any number of such facilities and services may be established and maintained.

(Added to NRS by [1959, 471](#); A [1963, 633](#); [1967, 1706](#))

NRS 318.325 Local Government Securities Law: Types of securities authorized to be issued.

1. Subject to the limitations and other provisions in this chapter, a board of any district may issue on its behalf and in its name at any time or from time to time, as the board may determine, the following types of securities in accordance with the provisions of the Local Government Securities Law, except as otherwise provided in subsection 2:

- (a) General obligation bonds and other general obligation securities payable from general (ad valorem) property taxes;
- (b) General obligation bonds and other general obligation securities payable from general (ad valorem) property taxes, the payment of which securities is additionally secured by a pledge of and lien on net revenues;
- (c) Revenue bonds and other securities constituting special obligations and payable from net revenues, but excluding the proceeds of any general (ad valorem) property taxes or any special assessments, which payment is secured by a pledge of and lien on such net revenues; or
- (d) Any combination of such securities.

2. General obligation or revenue bonds may be sold at a discount only if the amount of discount permitted by the board has been capitalized as a cost of the project.

(Added to NRS by [1959, 472](#); A [1965, 1083](#); [1967, 229](#), [1706](#); [1969, 870](#), [1288](#); [1971, 2108](#); [1975, 854](#); [1979, 584](#); [1981, 960](#))

NRS 318.339 Power of certain districts to borrow money from State or Federal Government. A district organized or reorganized pursuant to this chapter and authorized to exercise any of the basic powers provided in [NRS 318.140](#), [318.142](#) and [318.144](#) may borrow money from the State or Federal Government without limitation by other provisions of this chapter. The power conferred by this section may be exercised only for the purpose of exercising one or more of the basic powers enumerated in this section, whether or not the district is authorized to exercise any other basic power.

(Added to NRS by [1968, 58](#))

NRS 318.350 Assessments to pay expenses of improvements; exempt property.

1. Except as otherwise provided in subsection 2, such part of the expenses of making any public improvement (to implement any one, all or any combination of basic powers stated in [NRS 318.116](#) and granted to any district in proceedings for its organization or in any proceedings for its reorganization or as may be otherwise provided by law), as the board determines by an affirmative vote of at least two-thirds of its members, may be defrayed by special assessments upon lands and premises abutting upon that part of the street or alley so improved or proposed so to be, or the lands abutting upon the improvement and the other lands as in the opinion of the board may be specially benefited by the improvement.

2. Unless the board of trustees of the district consents to the assessment, all property owned and used by a school district is exempt from any assessment made pursuant to the provisions of this chapter.

(Added to NRS by [1959, 473](#); A [1975, 855](#); [1981, 961](#); [1989, 1043](#); [1991, 696](#))

MERGER, CONSOLIDATION AND DISSOLUTION OF DISTRICTS

NRS 318.490 Initiation by ordinance; notice; agreement of board of trustees of certain districts required.

1. Except as otherwise provided in [NRS 318.492](#), whenever a majority of the members of the board of county commissioners of any county deem it to be in the best interests of the county and of the district that the district be merged, consolidated or dissolved, or if the board of trustees of a district, by resolution pursuant to subsection 3, agrees to such a merger, consolidation or dissolution, the board of county commissioners shall so determine by ordinance, after there is first found, determined and recited in the ordinance that:
 - (a) All outstanding indebtedness and bonds of all kinds of the district have been paid or will be assumed by the resulting merged or consolidated unit of government.
 - (b) The services of the district are no longer needed or can be more effectively performed by an existing unit of government.
2. The county clerk shall thereupon certify a copy of the ordinance to the board of trustees of the district and shall mail written notice to all property owners within the district in the county, containing the following:
 - (a) The adoption of the ordinance;
 - (b) The determination of the board of county commissioners that the district should be dissolved, merged or consolidated; and
 - (c) The time and place for hearing on the dissolution, merger or consolidation.
3. If a majority of the members of the board of county commissioners of a county deems it to be in the best interests of the county and of a district with annual revenues of more than \$1,000,000 that was, on October 1, 2005, exercising powers pursuant to [NRS 318.140](#), [318.142](#) or [318.144](#), that the district be merged, consolidated or dissolved, the board of county commissioners shall submit the question of the merger, consolidation or dissolution to the board of trustees of the district. If the board of trustees of the district, by resolution, does not agree to the merger, consolidation or dissolution within 90 days after the question was submitted to it, the district may not be merged, consolidated or dissolved. (Added to NRS by [1959, 482](#); A [1965, 1087](#); [1973, 562](#); [1989, 521](#); [2005, 728](#); [2017, 2011](#))

NRS 318.492 Procedure when district included within boundaries of incorporated city.

1. If all the territory within a district organized pursuant to this chapter is included within the boundaries of a city incorporated under the provisions of [chapter 266](#) of NRS, the board of county commissioners of the county shall, within 90 days after the filing of the notice required by [NRS 266.033](#), adopt an ordinance providing for the merger of the district with the city and fixing a time and place for a hearing on the merger.
2. The county clerk shall certify a copy of the ordinance and give notice of its adoption in the manner provided by subsection 2 of [NRS 318.490](#).
3. The board of county commissioners shall thereafter proceed to hear and determine the matter as provided in [NRS 318.495](#) and [318.500](#). (Added to NRS by [1989, 520](#))

NRS 318.495 Protests; adoption of final ordinance.

1. Any person who owns property which is located within the district may, on or before the date fixed, protest against the dissolution, merger or consolidation of such district, in writing, which protest shall be filed with the county clerk of such county.
2. If, at or before the time fixed by the ordinance and notice, written protest is filed signed by a majority of the owners of property within the district, the district shall not be dissolved, merged or consolidated. If any written protests are filed and the board of county commissioners determines that the protests so filed represent less than a majority of the owners of property within the district, the board may, if it so determines, complete the dissolution, merger or consolidation by the adoption of a final ordinance of dissolution, which ordinance shall contain a recital of the protests, and such recital is binding and conclusive for all purposes. (Added to NRS by [1959, 482](#); A [1965, 1087](#); [1977, 535](#))

NRS 318.500 Hearing. At the place, date and hour specified for the hearing in the notice or at any subsequent time to which the hearing may be adjourned, the board of county commissioners shall give full consideration to all protests which may have been filed and shall hear all persons desiring to be heard and shall thereafter adopt either the final ordinance of dissolution, merger or consolidation or an ordinance determining that it shall not be dissolved, merged or consolidated. (Added to NRS by [1959, 482](#); A [1965, 1087](#))

NRS 318.505 Filing of copies of ordinance. Within 30 days after the effective date of any ordinance dissolving, merging or consolidating the district, the county clerk shall file a copy of the ordinance in the clerk's office and shall cause to be filed an additional copy of the ordinance in the Office of the Secretary of State, which filings shall be without fee and be otherwise in the same manner as articles of incorporation are required to be filed under [chapter 78](#) of NRS. (Added to NRS by [1959, 482](#); A [1965, 1087](#))

NRS 318.508 Effect of final ordinance to dissolve district included within boundaries of incorporated city. If a final ordinance of dissolution is adopted pursuant to [NRS 318.492](#):

1. The merger of the district is effective on July 1 of the year next following the date the incorporation of the city becomes effective.
2. The city shall assume the obligations and functions of the district.
3. Any outstanding and unpaid tax sale or levy and any special assessment lien of the district is valid and remains a lien upon the property against which it is assessed or levied until paid, subject to the limitations of liens provided by general law. Any tax or special assessment paid after the effective date of the merger must be placed in the general fund of the city.
4. The city council of the city has the same power to enforce the collection of any special assessment or outstanding tax sales of the district as the district would have had if it had not been merged. (Added to NRS by [1989, 521](#))

NRS 318.510 Surrender and transfer of property and money; collection and disposition of taxes and special assessments.

1. All property and all funds remaining in the treasury of any district must be:

- (a) Surrendered and transferred to the county in which the district exists and become a part of the general fund of the county, if the district is dissolved;
 - (b) Transferred to the governmental unit which assumes its obligations and functions, if the district is merged; or
 - (c) Transferred to the consolidated governmental unit, if the district is consolidated.
2. All outstanding and unpaid tax sales and levies and all special assessment liens of a dissolved district are valid and remain a lien against the property against which they are assessed or levied until paid, subject to the limitations of liens provided by general law. Taxes and special assessments paid after dissolution must be placed in the general fund of the county in which the property was assessed.
3. Except as otherwise provided in [NRS 318.508](#), the board of county commissioners has the same power to enforce the collection of all special assessments and outstanding tax sales of the district as the district had if it had not been dissolved, merged or consolidated.
4. If any area comprising the district or portion thereof is annexed to a city or town within 6 months from the effective date of the dissolution ordinance, a pro rata share of all such property and funds must be transferred to the municipality.
5. If any area comprising the district or portion thereof is not annexed to a city or town within 6 months from the effective date of the dissolution ordinance, the board of county commissioners shall pay to the owners of property located within the former district pro rata shares of the money remaining in the treasury of the district, and an amount of money equal to the value of any property which is not used for the benefit of the area formerly comprising the district. The board of county commissioners may, before paying such money, apply a proportionate amount of such payment to any special assessments which are due.
(Added to NRS by [1959, 482](#); [A 1965, 1087](#); [1977, 535](#); [1989, 521](#))

SALE OF REAL PROPERTY

NRS 318.512 Appraisal required; selection of appraisers; sale for less than appraisal prohibited. Except as otherwise provided in [NRS 318.1177](#), [318.118](#) and [318.215](#):

- 1. Before ordering any real property of the district for sale, the board of trustees must:
 - (a) Except as otherwise provided in this paragraph, obtain two independent appraisals of the real property. If the board of trustees holds a public hearing on the matter of the fair market value of the real property, one independent appraisal of the real property is sufficient before selling the real property. The appraisal or appraisals, as applicable, must have been prepared not more than 6 months before the date on which the real property is offered for sale.
 - (b) Select the one independent appraiser or two independent appraisers, as applicable, from the list of appraisers established pursuant to [NRS 318.5121](#).
 - (c) Verify the qualifications of each appraiser selected pursuant to paragraph (b). The determination of the board of trustees as to the qualifications of the appraiser is conclusive.
- 2. The board of trustees shall not sell the property for less than:
 - (a) If two independent appraisals were obtained pursuant to subsection 1, the average of the appraisals of the real property.
 - (b) If one appraisal is obtained pursuant to subsection 1, the appraised value of the real property.
 (Added to NRS by [2019, 2568](#))

NRS 318.5121 Appraisers: Procedures for selection; disclosure statements; prohibitions.

- 1. The board of trustees shall adopt by resolution the procedures for creating and maintaining a list of appraisers qualified to conduct appraisals of real property offered for sale by the board. The list must:
 - (a) Contain the names of all persons qualified to act as a general appraiser in the same county as the real property that may be appraised; and
 - (b) Be organized at random and rotated from time to time.
- 2. An appraiser chosen pursuant to subsection 1 must provide a disclosure statement which includes, without limitation, all sources of income that may constitute a conflict of interest and any relationship with the real property owner or the owner of an adjoining real property.
- 3. An appraiser shall not perform an appraisal on any real property for sale by the board of trustees if:
 - (a) The appraiser has an interest in the real property or an adjoining property;
 - (b) The real property is located in a county whose population is 45,000 or more and any person who is related to the appraiser has an interest in the real property or an adjoining property and the relationship between the appraiser and the person is within the third degree of consanguinity or affinity; or
 - (c) The real property is located in a county whose population is less than 45,000 and any person who is related to the appraiser has an interest in the real property or an adjoining property and the relationship between the appraiser and the person is within the second degree of consanguinity or affinity.
 (Added to NRS by [2019, 2569](#))

NRS 318.5122 Resolution declaring intent to sell at auction and finding that sale is in best interest of district; notice.

- 1. Except as otherwise provided in [NRS 318.1177](#), [318.118](#), [318.215](#) and [318.5124](#), before ordering the sale of any real property owned by the general improvement district, the board of trustees shall, in open meeting by a majority vote of the members, adopt a resolution declaring the intention of the board to sell the property at auction and finding that the sale is in the best interest of the district. The resolution must:
 - (a) Describe the property proposed to be sold in such a manner as to identify the property.
 - (b) Specify the minimum price and the terms upon which the property will be sold.
 - (c) Fix a time, not less than 3 weeks thereafter, for a public meeting of the board of trustees to be held at its regular place of meeting, at which sealed bids will be received and considered.
- 2. Notice of the adoption of the resolution and of the time and place of holding the meeting must be given by:

- (a) Posting copies of the resolution in three public places in the district not less than 15 days before the date of the meeting; and
- (b) Causing to be published at least once a week for 3 successive weeks before the meeting, in a newspaper qualified under [chapter 238](#) of NRS that is published in the county in which the real property is located, a notice setting forth:
 - (1) A description of the real property proposed to be sold at auction in such a manner as to identify the property;
 - (2) The minimum price of the real property proposed to be sold at auction; and
 - (3) The places at which the resolution described in subsection 1 has been posted pursuant to paragraph (a), and any other places at which copies of that resolution may be obtained.

↳ If no qualified newspaper is published within the county in which the real property is located, the required notice must be published in some qualified newspaper printed in the State of Nevada and having a general circulation within the county.

(Added to NRS by [2019, 2569](#))

NRS 318.5123 Conduct of sale at auction; withdrawal of property from sale; proceeds; costs.

1. At the time and place fixed in the resolution for the meeting of the board of trustees adopted pursuant to [NRS 318.5122](#), all sealed bids which have been received must, in public session, be opened, examined and declared by the board. Of the bids submitted which conform to all terms and conditions specified in the resolution of intention to sell and which are made by responsible bidders, the bid which is the highest must be finally accepted, unless a higher oral bid is accepted or the board rejects all bids.

2. Before accepting any written bid, the board shall call for oral bids. If, upon the call for oral bidding, any responsible person offers to buy the property upon the terms and conditions specified in the resolution, for a price exceeding by at least 5 percent the highest written bid, then the highest oral bid which is made by a responsible person must be finally accepted.

3. The final acceptance of a bid by the board may be made either at the same session or at any adjourned session of the same meeting held within the 10 days next following.

4. The board may, either at the same session or at any adjourned session of the same meeting held within the 10 days next following, if it deems the action to be for the best public interest, reject any and all bids, either written or oral, and withdraw the property from sale.

5. Any resolution of acceptance of any bid made by the board must authorize and direct the chair to execute a deed and to deliver it upon performance and compliance by the purchaser with all the terms or conditions of the purchaser's contract which are to be performed concurrently therewith.

6. All money received from sales of real property must be deposited forthwith with the treasurer of the board to be credited to the district fund.

7. The board may require any person requesting that real property be sold pursuant to the provisions of this section to deposit a sufficient amount of money to pay the costs to be incurred by the board in acting upon the application, including the costs of publication and the expenses of appraisal. This deposit must be refunded if the person making the deposit is not the successful bidder. The costs of acting upon the application, including the costs of publication and the expenses of appraisal, must be borne by the successful bidder.

(Added to NRS by [2019, 2570](#))

NRS 318.5124 Exceptions to requirements for sale at auction. A board of trustees may sell any real property owned by the district without complying with the provisions of [NRS 318.5122](#) and [318.5123](#) to:

1. A person who owns real property located adjacent to the real property to be sold if the board has determined by resolution that the sale will be in the best interest of the district and the real property is a:

- (a) Parcel that, as a result of its size, is too small to establish an economically viable use by anyone other than the person who owns real property adjacent to the real property for sale; or
- (b) Parcel which is subject to a deed restriction prohibiting the use of the real property by anyone other than the person who owns real property adjacent to the real property for sale.

2. The State or another governmental entity if:

- (a) The sale restricts the use of the real property to a public use; and
- (b) The board adopts a resolution finding that the sale will be in the best interest of the district.

(Added to NRS by [2019, 2571](#))

NRS 318.5125 Second offering at auction; listing of unsold property.

1. If real property that is offered for sale pursuant to [NRS 318.5122](#) and [318.5123](#) is not sold at the initial offering of the contract for the sale of the real property, the board of trustees may offer the real property for sale a second time pursuant to [NRS 318.5122](#) and [318.5123](#). The board of trustees must obtain a new appraisal or appraisals, as applicable, of the real property before offering the real property for sale a second time if:

- (a) There is a material change relating to the title, zoning or an ordinance governing the use of the real property; or
- (b) The appraisal or appraisals, as applicable, were prepared more than 6 months before the date on which the real property is offered for sale the second time.

2. If real property that is offered for sale pursuant to this section is not sold at the second offering of the contract for the sale of the real property, the board of trustees may list the real property for sale at the appraised value with a licensed real estate broker, provided that the broker or a person related to the broker within the first degree of consanguinity or affinity does not have an interest in the real property or an adjoining property. If the appraisal or appraisals, as applicable, were prepared more than 6 months before the date on which the real property is listed with a licensed real estate broker, the board must obtain one new appraisal of the real property before listing the real property for sale at the new appraised value.

(Added to NRS by [2019, 2571](#))

NRS 318.5126 Sale not in compliance with requirements is void. Any sale of real property of a district that does not comply with the provisions of [NRS 318.512](#) to [318.5126](#), inclusive, is void.

(Added to NRS by [2019, 2571](#))

CORRECTIVE ACTION

NRS 318.515 Procedure for corrective action by board of county commissioners: Notification or petition; hearing; adoption and challenge of ordinance or resolution.

1. Upon notification by the Department of Taxation or upon receipt of a petition signed by 20 percent of the qualified electors of the district, that:

- (a) A district of which the board of county commissioners is not the board of trustees is not being properly managed;
- (b) The board of trustees of the district is not complying with the provisions of this chapter or with any other law; or
- (c) The service plan established for the district is not being complied with,

↳ the board of county commissioners of the county in which the district is located shall hold a hearing to consider the notification or petition.

2. The county clerk shall mail written notice to all persons who own property within the district and to all qualified electors of the district, which notice shall set forth the substance of the notification or petition and the time and place of the hearing.

3. At the place, date and hour specified for the hearing, or at any subsequent time to which the hearing may be adjourned, the board of county commissioners shall give full consideration to all persons desiring to be heard and shall thereafter:

- (a) Adopt an ordinance constituting the board of county commissioners, ex officio, as the board of trustees of the district;
- (b) Adopt an ordinance providing for the merger, consolidation or dissolution of the district pursuant to [NRS 318.490](#) to [318.510](#), inclusive;
- (c) File a petition in the district court for the county in which the district is located for the appointment of a receiver for the district; or
- (d) Determine by resolution that management and organization of the district will remain unchanged.

4. The Department of Taxation or any interested person may, within 30 days immediately following the effective date of the ordinance adopted under paragraph (a) or resolution adopted under paragraph (d) of subsection 3, commence an action in any court of competent jurisdiction to set aside the ordinance or resolution. After the expiration of 30 days, all actions attacking the regularity, validity and correctness of that ordinance or resolution are barred.

(Added to NRS by [1977, 523](#); [A 1979, 802](#); [1989, 522](#))

EFFECT OF CHAPTER 542, STATUTES OF NEVADA 1967

NRS 318.520 Rights and liabilities not affected by enactment. Chapter 542, Statutes of Nevada 1967, shall not impair or affect any act done, offense committed or right accruing, accrued or acquired, or liability, penalty, forfeiture or punishment incurred prior to May 1, 1967, but the same may be enjoyed, asserted, enforced, prosecuted or inflicted, as fully and to the same extent as if chapter 542, Statutes of Nevada 1967, had not been passed.

(Added to NRS by [1967, 1710](#))

NRS 318.525 Reorganization of governing bodies of certain districts; exercise of powers under [chapter 318](#) of NRS.

1. Chapter 542, Statutes of Nevada 1967, does not affect the corporate existence nor the area included within the boundaries of any district organized or reorganized before May 1, 1967, under any chapter in title 25 of NRS, but the governing body of any such district (excluding any housing authority or other municipal corporation subject to the provisions of [chapter 315](#) of NRS, and excluding any district organized or reorganized before May 1, 1967, under and already subject to the provisions of this [chapter 318](#) of NRS) shall reorganize as provided in this chapter as amended by chapter 542, Statutes of Nevada 1967.

2. Any district organized or reorganized before May 1, 1967, under and exercising powers as provided in any chapter in title 25 of NRS (excluding [chapters 315](#) and [318](#) of NRS) shall operate under and exercise powers pertaining to each basic power for which the district is organized or reorganized as provided in [chapter 318](#) of NRS, including without limitation the provisions of the Special District Control Law to the extent it is applicable by the terms thereof.

(Added to NRS by [1967, 1710](#); [A 1985, 272](#); [2017, 2011](#))

NRS 318.530 Outstanding securities and contracts not affected or modified.

1. The adoption of chapter 542, Statutes of Nevada 1967, shall not repeal or in any way affect or modify:

(a) Any law authorizing the issuance by any district organized or reorganized prior to May 1, 1967, under any chapter in title 25 of NRS of any outstanding:

(1) General obligation bonds and other general obligation securities payable from general (ad valorem) property taxes;

(2) General obligation bonds and other general obligation securities payable from general (ad valorem) property taxes, the payment of which securities is additionally secured by a pledge of and lien on designated revenues of such district;

(3) Revenue bonds and other securities constituting special obligations and payable from designated revenues derived by any such district;

(4) Special assessment bonds and other securities constituting special obligations and primarily payable from special assessments levied by any such district; and

(5) Any other outstanding securities of any such district.

(b) Any other contract of any such district.

(c) Any law pursuant to which there has been levied by or on behalf of any such district and there have not been paid in full, including without limitation principal, any interest, and any penalties, the following:

(1) General (ad valorem) property taxes;

(2) Special assessments; and

(3) Tolls, rates and charges pertaining to the facilities or services, or both facilities and services, furnished by any such district.

(d) The running of the statutes of limitations in force on May 1, 1967.

2. All incomplete proceedings had and taken by any such district, under any law repealed by chapter 542, Statutes of Nevada 1967, preliminary to and in the acquisition or improvement of any project, the creation of any special assessment district, the levy and collection of any special assessment, or the issuance of any interim or temporary bond, or any definitive bond, which proceedings are in substantial compliance herewith, may, at the option of the board, be completed hereunder the same as if such incomplete proceedings had been had and taken pursuant to the provisions of this chapter.

3. The adoption of chapter 542, Statutes of Nevada 1967, shall not repeal or in any way affect or modify the power of a board of directors of a district organized pursuant to chapter 311 of NRS prior to May 1, 1967, concerning the borrowing of money or the acceptance of any grant of public or private money, which power was exercised prior to May 1, 1967.

(Added to NRS by 1967, 1710)

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CHAPTER 354 - LOCAL FINANCIAL ADMINISTRATION

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NRS 354.601	Construction of capital improvement without funding for operation and maintenance included in approved budget prohibited.
NRS 354.6015	Fiscal report of local government: Requirements; publication of summary; regulations.
NRS 354.6025	Annual report of indebtedness of local government: Requirement; compilation into state report.
NRS 354.603	Separate accounts in bank, credit union, savings and loan association or savings bank for school district, county hospital, consolidated library district and district library.
NRS 354.604	Funds maintained by local governments.
NRS 354.608	Contingency account: Establishment; limit on appropriations; expenditures.
NRS 354.609	Petty cash, imprest or revolving account.
NRS 354.6105	Fund for extraordinary maintenance, repair or improvement of capital projects.
NRS 354.6113	Fund for construction of capital projects.
NRS 354.6115	Fund to stabilize operation of local government and mitigate effects of natural disaster.
NRS 354.6116	Revenue from taxes ad valorem from lessee or user of certain taxable property to be deposited in or transferred to certain funds.
NRS 354.6117	Limitation on amount of money transferred to certain funds; exception.
NRS 354.6118	Interfund loans or loans to other local governments: Public hearing required.
NRS 354.612	Establishment of one or more funds by resolution required; contents of resolution; accounting requirements; copy of resolution to be provided to Department of Taxation; proprietary funds; enterprise funds.
NRS 354.613	Enterprise funds: Loan or transfer of money in or associated with fund; increase in amount of fee imposed for purpose of fund; compliance reports; remedy for violation; regulations; applicability; plan to eliminate certain transfers from fund.
NRS 354.616	Adjustment of expenses and revenues.
NRS 354.620	Unencumbered balance of appropriation lapses at end of fiscal year; reversion to fund.
NRS 354.6215	Limitation on use of reserves or balances of funds created to insure risks.
NRS 354.624	Annual audit: Requirements; designation of auditor; scope and disposition; dissemination; prohibited provision in contract with auditor.
NRS 354.6241	Contents of statement provided by local government to auditor; expenditure of excess reserves in certain funds; restrictions on use of budgeted ending fund balance in certain circumstances. [Effective through June 30, 2021.]

NRS 354.6241	Contents of statement provided by local government to auditor; expenditure of excess reserves in certain funds; restrictions on use of budgeted ending fund balance in certain circumstances. [Effective July 1, 2021.]
NRS 354.6245	Review of annual audits by Department of Taxation; referral of accountant who issued noncompliant audit to Nevada State Board of Accountancy; plan of correction of violations.
NRS 354.625	Records relating to property and equipment; control of inventory.
NRS 354.6256	Use of proceeds of certain obligations to pay operating expenses prohibited; exceptions.
NRS 354.626	Unlawful expenditure of money in excess of amount appropriated; penalties; exceptions.

DELINQUENT DOCUMENTS AND PAYMENTS; FISCAL WATCH; TECHNICAL FINANCIAL ASSISTANCE; SEVERE FINANCIAL EMERGENCY

NRS 354.655	Definitions.
NRS 354.657	Purpose; liberal construction.
NRS 354.665	Delinquent documents: Notification; explanation to Committee on Local Government Finance; withholding of payments.
NRS 354.671	Delinquent payments to Public Employees' Benefits Program: Notification; explanation to Committee on Local Government Finance; withholding of payments.
NRS 354.675	Technical financial assistance from Department of Taxation: Request; notice and hearing; order; request by Department for assistance of Committee on Local Government Finance; allocation from Contingency Account.
NRS 354.685	Severe financial emergency: Conditions; notification of local government by Department of Taxation; plan of corrective action; review of plan by Committee on Local Government Finance; order of Nevada Tax Commission requiring Department to take over management of local government.
NRS 354.695	Severe financial emergency: Powers and duties of Department of Taxation; reimbursement for expenses; allocation from Contingency Account; recommendations by local government; cooperation of state agencies; delegation of powers and duties to financial manager; method for termination of management.
NRS 354.705	Severe financial emergency: Preparation of plan of revenue enhancement and expense mitigation by Executive Director; review and potential revision of plan regarding additional taxes or charges; hearing on plan by panel; adoption of plan; imposition and duration of additional taxes or charges; report of failure to satisfy expenses of local government; periodic report to Legislature regarding financial condition of local government.
NRS 354.715	Severe financial emergency: Enforcement of compliance by local government with certain requests of Department of Taxation; penalties for willful failure to comply with requests.
NRS 354.721	Severe financial emergency: Creation of Severe Financial Emergency Fund; investment and use of money in Fund; requirements relating to loans from Fund.
NRS 354.723	Severe financial emergency: Procedure for disincorporation or dissolution of local government in certain circumstances; requirement for local government to take remedial action in certain circumstances.
NRS 354.7235	Severe financial emergency: Management of Department of Taxation ceases at time of disincorporation or dissolution.
NRS 354.725	Severe financial emergency: Termination or modification of management of local government on motion of Nevada Tax Commission or at request of local government or Committee on Local Government Finance.

ALTERNATIVE METHODS OF FINANCING BY LOCAL GOVERNMENTS

NRS 354.740	Use of lease-purchase and installment-purchase agreements: Legislative findings and declaration.
NRS 354.750	Alternative method for local government to borrow money or purchase or lease property.

PAYMENTS OF MONEY FOR SERVICES PROVIDED BY LOCAL GOVERNMENTS

NRS 354.760	Notice to debtor of required payee of negotiable instrument.
NRS 354.770	Acceptance of payments by credit card, debit card or electronic transfers of money.
NRS 354.780	Placement of automated tellers at locations where local government receives payments.
NRS 354.790	Additional fee for providing service to customer in expeditious or convenient manner.

COMMITTEE ON LOCAL GOVERNMENT FINANCE

NRS 354.105 Creation; appointment of members; terms; vacancies; Chair and Vice Chair; meetings; quorum; allowances and expenses; administrative support.

- The Committee on Local Government Finance, consisting of 11 members, is hereby created.
- The following associations shall each appoint three members to serve on the Committee:
 - Nevada League of Cities;
 - Nevada Association of County Commissioners; and
 - Nevada Association of School Boards.
- The Nevada State Board of Accountancy shall appoint two members to serve on the Committee.

4. Each appointment must be for a term of 3 years, and each member appointed may be reappointed to additional terms.
5. A vacancy must be filled as soon as practicable by the appointing authority of the person who vacated the seat.
6. If any of the associations listed in subsection 2 cease to exist, the appointments required by subsection 2 must be made by the association's successor in interest or, if there is no successor in interest, one each by the other appointing authorities.
7. The members of the Committee shall elect by majority vote a member as Chair and another member as Vice Chair, who shall serve for terms of 3 years or until their successors are elected.
8. The Committee shall meet not less than twice per year and may meet at other times upon the call of the Chair or a majority of the members of the Committee.
9. A majority of the members of the Committee constitutes a quorum, and a quorum may exercise all the power and authority conferred on the Committee.
10. Members of the Committee serve without compensation, except that for each day or portion of a day during which a member of the Committee attends a meeting of the Committee or is otherwise engaged in the business of the Committee, the member is entitled to receive the per diem allowance and travel expenses provided for state officers and employees generally.
11. The Department of Taxation shall provide administrative support to the Committee.
(Added to NRS by [2001, 1793](#); A [2015, 723](#))

NRS 354.107 Regulations.

1. The Committee on Local Government Finance may adopt such regulations as are necessary for the administration of this chapter.
2. The Committee on Local Government Finance shall adopt regulations prescribing the format of the financial statement posted on the Internet website of a city or county pursuant to [NRS 244.225](#), [268.030](#) and [354.210](#).
3. Any regulations adopted by the Committee on Local Government Finance must be adopted in the manner prescribed for state agencies in [chapter 233B](#) of NRS.
(Added to NRS by [2001, 2317](#); A [2011, 3579](#))

COUNTY FINANCES

Apportionment and Transfers of County Revenue

NRS 354.140 Distribution of federal money from forest reserves; reimbursement for cost of audit.

1. The money paid to the State of Nevada by the Secretary of the Treasury under the provisions of 16 U.S.C. § 500, providing for the payment to states and territories of a fixed percentage of the money received by the Government of the United States from the forest reserves established therein, must be distributed respectively to the county or counties in which the forest reserves are situated, to be expended for the benefit of the public schools and the public roads of the county or counties in equal proportion for each object. The proportion for schools must be paid into the county school district fund. If there is a county road fund, the proportion for roads must be paid into the county road fund. If there is no county road fund, the proportion for roads must be paid into the county general fund for public road purposes.
2. When any forest reserve is in more than one state or county, the distributive share to each must be proportional to its area therein, following as near as may be the figures submitted to the State of Nevada respecting net forest area and county acreage therein by the Forest Service, United States Department of Agriculture.
3. The agency which is responsible for completing any audit required for the continuation of the payments must be reimbursed for the cost of the audit from the funds to which the payments were distributed proportionately according to the percentage of the payment which was distributed to each fund.
[1:191:1907; A [1919, 262](#); 1919 RL p. 2955; NCL § 5931] — (NRS A [1983, 238](#); [2009, 1317](#))

NRS 354.150 Transfer of balance of dormant fund.

1. Subject to the provisions of subsection 2, a board of county commissioners may order the transfer of any balance which is dormant in any fund to the county general fund whenever the money remaining in the fund is no longer required for the purpose for which the fund was established.
2. When the dormant fund accrued from taxes levied upon the taxpayers of a fire protection district, road district, cemetery district, unincorporated town, or other type of special assessment or taxing district, the fund may be transferred only to the general fund thereof and not to the county general fund.
[1:121:1947; A [1953, 117](#)] — (NRS A [1975, 159](#); [1983, 132](#))

Claims and Warrants

- NRS 354.170 Order of district judge or district court drawing money from county treasury.** Except as otherwise provided in [NRS 6.160](#) or [50.225](#), in every case in which the district court or district judge is authorized by law to order any money to be paid out of the county treasury, this order must be first presented to the county auditor, who shall number and register the order and issue his or her warrant on any fund in the county treasury not otherwise specially appropriated or set apart.
[1:15:1885; BH § 2528; C § 2576; RL § 1583; NCL § 2064] — (NRS A [1975, 1387](#); [1985, 54](#); [1987, 552](#))

NRS 354.180 Claim by sheriff or constable for delivery of prisoner committed to county jail by justice of the peace.

1. The board of county commissioners is authorized to examine, audit and allow to the sheriff or a constable the actual fare paid by such officer in the conveyance or transportation of any one or more prisoners committed to the county jail by a justice of the peace of the county.
2. The amount provided for in subsection 1 shall be in addition to the amount allowed by law for the safekeeping and delivering of prisoners to the county jail.

3. A bill for fare actually paid pursuant to the provisions of this section shall be accompanied with a receipt showing the amount paid, and by what conveyance the prisoner or prisoners were conveyed to the county jail. In no case shall a greater sum be allowed for a private conveyance than is usually charged by public conveyance for a similar distance, and such amount shall always be determined by the board of county commissioners in accordance with the best judgment and information of the county commissioners.

4. The county auditor is authorized and directed to draw his or her warrant upon the general fund for the payment of such sum as may be allowed by the board of county commissioners from time to time, in accordance with the provisions of subsection 1, and the county treasurer is directed to pay the sum upon presentation in regular order.

[1:69:1879; BH § 1999; C § 2165; RL § 1544; NCL § 1980] + [2:69:1879; BH § 2000; C § 2166; RL § 1545; NCL § 1981]

NRS 354.190 Payment of county debts after original allowance: Limitation; exceptions.

1. The owner of an indebtedness of a county must demand payment of the indebtedness from the county not later than 1 year after the date of the original allowance.

2. If the payment of an indebtedness of the county is not demanded within 1 year after the original allowance, except as otherwise provided in subsection 3, the payment thereof shall be forever barred.

3. If the payment of an indebtedness of the county is demanded more than 1 year after the original allowance, the board of county commissioners may allow the payment. Nothing in this subsection requires the board to allow the payment of an indebtedness that is demanded more than 1 year after the original allowance.

4. Nothing in this section shall be so construed as to affect or repeal any law providing for the redemption or funding of the indebtedness of any county.

[1:15:1881; BH § 2018; C § 2171; RL § 1536; NCL § 1969] — (NRS A 2015, 1149)

NRS 354.200 Payment of warrants in order of issuance.

1. All warrants or certificates of indebtedness issued by a county auditor shall be paid in the order in which they are issued.

2. Whenever any county warrant or certificate of indebtedness shall not be presented for payment within 6 months after notice shall have been given that the warrant or certificate is payable, the money held for payment of such warrant shall be paid out as other county funds, but whenever any warrant shall thereafter be presented the same shall be deemed then due and payable.

3. Nothing in this section shall be so construed as to prevent the transfer of money from one county fund to another, as provided by law.

[1:98:1885; BH § 2178; C § 2339; RL §§ 1563, 1582; NCL §§ 2044, 2063]

NRS 354.210 Publication or posting and maintenance on website of statements of amount of bills allowed; availability of each bill allowed.

1. Except as provided in subsection 3, the board of county commissioners shall cause a statement of the total amount of bills allowed by it to be published in some newspaper published in the county. The statement must:

- (a) Inform the public of the provisions of subsection 5;
- (b) If the county maintains an official Internet website, inform the public of where the financial statement is posted on the Internet website pursuant to subsection 4;
- (c) Provide a telephone number the public may call for further instructions on how to obtain the detailed financial documents;
- (d) Provide the address of the county office or offices where the public may view the detailed financial documents; and
- (e) Be published for a period of at least 5 consecutive days.

2. The amount paid for such publication shall not exceed the statutory rate for publication of legal notices, and the publication shall not extend beyond a single insertion.

3. Where no newspaper is published in a county, the board of county commissioners may cause to be published, in some newspaper having a general circulation within the county, the allowances provided for in subsection 1, or shall cause the clerk of the board to post such allowances at the door of the courthouse.

4. If a county maintains an official Internet website, the board of county commissioners shall maintain and update quarterly on the official Internet website of the county a statement of the bills allowed by it. The statement must:

- (a) Inform the public of the provisions of subsection 5;
- (b) Provide a telephone number the public may call for further instructions on how to obtain the detailed financial documents; and
- (c) Provide the address of the county office or offices where the public may view the detailed financial documents.

5. The original and any duplicate or copy of each bill, including, without limitation, the amount of the bill, the name of the person to whom such allowance is made and for what such allowance is made, or any other document that supports a transaction, the amount of which is shown in the statement published pursuant to this section, is a public record that is available for inspection and copying by any person pursuant to the provisions of [chapter 239](#) of NRS.

[1:5:1893; A 1927, 33; NCL § 1977] + [2:5:1893; A 1949, 155; 1943 NCL § 1978] — (NRS A 1957, 364; 2011, 3579)

Refunds

NRS 354.220 Applicability. [NRS 354.220](#) to [354.250](#), inclusive, apply in making applications for refund of money which has been paid into the county treasuries in cases where:

1. Through mistake or inadvertence, a county and school district tax for any 1 tax year has, by reason of the assessment of the same piece of property, been paid two or more times.

2. A remission of the assessed valuation on a patented mine or mining claim has been ordered by a board having jurisdiction of the matter because annual assessment work was performed thereon, and the remission has not been made by the proper county officers, and taxes on the full valuation have been paid under protest by the owner of the patented mining claims.

3. Licenses or taxes have been twice paid on the same band of sheep.

4. In the opinion of the board of county commissioners, or the county treasurer in those cases in which the county treasurer is authorized to make a refund, the applicant for refund has a just cause for making the application and the granting of the refund would be equitable.

[Part 1:89:1923; NCL § 6637] — (NRS A 1987, 129; 1989, 45; 1997, 1586)

NRS 354.230 Limitation of time for claim. The claim for a refund of money must be presented to the board of county commissioners, or the county treasurer in those cases in which the county treasurer is authorized to make a refund, within 3 years after the time the claim was incurred.

[3:89:1923; A 1951, 244] — (NRS A 1987, 129)

NRS 354.240 Determination by board of county commissioners; refunds by county treasurer; delegation of authority by board of county commissioners to approve certain claims; monthly list of refunds made by county treasurer.

1. If a board of county commissioners determines by competent evidence that money has been paid into the treasury of the county under any of the circumstances mentioned in NRS 354.220, the board of county commissioners, by its unanimous resolution, may direct the county treasurer to refund to the applicant the amount of money paid into the county treasury in excess of the amount legally payable.

2. In the case of a claim for a refund of property tax, if the board has unanimously found that the applicant is entitled to a refund, it shall direct the county treasurer to refund to the applicant the amount claimed if the claim is made within 3 years after the tax was due. The county may withhold amounts refunded from its subsequent apportionments of revenues from property tax to the other taxing units in the county which levied a tax represented in the combined tax rate.

3. If the county treasurer determines by competent evidence that money in the amount of \$500 or less has been paid into the county treasury under any of the circumstances listed in NRS 354.220, the county treasurer may, upon receiving the written approval of the district attorney, refund to the applicant the amount paid which is in excess of the amount legally payable.

4. In the case of a claim for a refund of property tax which has been authorized and approved in the manner provided in subsection 3, the county treasurer shall make a refund to the applicant in the amount claimed if the claim is made within 3 years after the tax was due. The county may withhold amounts refunded from its subsequent apportionments of revenues from property tax to the other taxing units in the county which levied a tax represented in the combined tax rate.

5. A board of county commissioners may, in the case of a claim for a refund of a registration fee or deposit paid to the county department of parks and recreation, delegate the authority to approve all such claims of less than \$1,000, to:

- (a) The county manager or the designee of the county manager;
- (b) The county administrator or the designee of the county administrator; or
- (c) In a county that has neither a county manager nor a county administrator, any other county employee.

6. A board of county commissioners may, in the case of a claim for a refund of any charges, fees or deposits paid to the county department of aviation, delegate the authority to approve all such claims of less than \$100, to:

- (a) The county manager or the designee of the county manager;
- (b) The county administrator or the designee of the county administrator; or
- (c) In a county that has neither a county manager nor a county administrator, any other county employee.

7. A county treasurer, upon receiving written approval of a claim pursuant to subsection 5 or 6, may refund to the applicant the amount of the refund due.

8. At the end of each month the county treasurer shall provide to the board of county commissioners a list of all refunds made by the county treasurer during that month. The list must contain the name of each taxpayer or other person to whom a refund was made and the amount of the refund. The county treasurer shall maintain a copy of the list and make it available for public inspection.

[2:89:1923; NCL § 6638] — (NRS A 1977, 475; 1987, 129; 1991, 53; 1995, 51; 1997, 1586; 2007, 2192)

NRS 354.250 Action against county authorized if claimant aggrieved by action of board of county commissioners. If any person shall feel aggrieved by the action taken by any board of county commissioners on any such claim, an action may be prosecuted thereon for and on behalf of any such person against the county as on other rejected county claims.

[6:89:1923; NCL § 6642]

Accounts Receivable

NRS 354.255 Establishment of uniform procedures for collection of accounts and removal of uncollectible accounts.

1. The board of county commissioners of each county shall establish uniform procedures for the collection of accounts receivable owed to the county and the removal of uncollectible accounts receivable from the records of the county. The procedures may provide for the collection of accounts receivable by a centralized collection system established pursuant to NRS 244.207 or by the office of the district attorney.

2. The procedures established pursuant to subsection 1 must provide for:

(a) The steps a department of the county must follow in collecting an account receivable, including a requirement that a department send a follow-up invoice to each debtor at 30-, 60- and 90-day intervals;

(b) The transfer of an account receivable to the centralized collection system or the district attorney for collection if the department is unsuccessful in its efforts to collect the account receivable;

(c) Review by the centralized collection system or the district attorney of each account receivable that is transferred for collection and a determination of whether the account receivable is collectible or uncollectible; and

(d) Application by the county auditor to the board of county commissioners to have the amount of the account receivable and the name of the debtor removed from the records of the county.

(Added to NRS by [1993, 1199](#))

NRS 354.256 Notification of county auditor concerning uncollectible account; application for removal of information concerning uncollectible accounts from records of county.

1. If at any time, in the opinion of the centralized collection system or the district attorney, it becomes impossible or impractical to collect an account receivable owed to the county because:

- (a) The debtor has filed bankruptcy;
- (b) The debtor has died;
- (c) The amount of the account receivable is less than the amount it would cost to collect it; or
- (d) Of some other reason or circumstance,

the centralized collection system or the district attorney shall notify the county auditor in writing that the account receivable is uncollectible and the reasons therefor.

2. Upon receiving notification that an account receivable is uncollectible, the county auditor may apply to the board of county commissioners to have the amount of the account receivable and the name of the debtor removed from the records of the county.

3. The application must include:

- (a) The amount of the account receivable;
- (b) The name of the debtor;
- (c) A record of the efforts made to collect the account receivable; and
- (d) The written notice provided pursuant to subsection 1.

4. If the board of county commissioners approves the application, the county auditor shall remove the amount of the account receivable and the name of the debtor from the county records.

(Added to NRS by [1993, 1199](#))

NRS 354.257 Authority for removal of information concerning uncollectible accounts from records of county. Except as otherwise provided by specific statute, the board of county commissioners may remove from the records of the county the amount of an account receivable and the name of the debtor, upon a determination by a centralized collection system established pursuant to [NRS 244.207](#) or the district attorney that the account receivable is uncollectible and the recommendation of the county auditor that the account be removed.

(Added to NRS by [1993, 1198](#))

Statements and Accountings

NRS 354.270 Issuance of receipts; apportionment of revenue.

1. If a county treasurer does not use an automated accounting system, the county treasurer shall issue a receipt in triplicate for all money received by him or her. The original must be delivered to the payee, the duplicate immediately filed by the county treasurer with the county auditor, and the triplicate retained by the county treasurer. The duplicate and triplicate receipts must, in addition to showing the amount and source of revenue, contain an apportionment to the proper funds as follows:

- (a) All revenue collected for general, administrative, current expense, salary, indigent and contingent purposes must be apportioned to the general fund.
- (b) All revenue collected for special purposes must be apportioned to special funds, or to separate accounts established under the provisions of [NRS 354.603](#), that have been or may be created, the purpose of which must be indicated in the title of each special fund.

2. If a county treasurer uses an automated accounting system, the county treasurer shall enter information regarding all money received by him or her, including the amount and source of the money and the manner in which it must be apportioned, into the system. The county treasurer shall retain all of the original documentation regarding each transaction. The treasurer is not required to issue a receipt to a payee unless the payee so requests.

3. A county treasurer failing to comply with the provisions of this section shall be punished as provided in [NRS 354.310](#).

[1:184:1919; 1919 RL p. 2702; NCL § 2067] + [Part 4:184:1919; A [1923, 346](#); [1933, 60](#); 1931 NCL § 2070] — (NRS A [1971, 1339](#); [1975, 1798](#); [1993, 122](#))

NRS 354.280 Contents of monthly statement of county treasurer. The county treasurer shall:

- 1. Keep a complete record of the source and amount of all receipts, apportionments to, payments from, and balances in all funds; and
- 2. Submit to the board of county commissioners each month at any regular or special meeting a statement containing the information required in subsection 1 for the previous month, giving the balance in each county, state and special fund, together with a statement of all money on deposit, outstanding checks against that money and cash on hand.

[2:184:1919; 1919 RL p. 2702; NCL § 2068] + [Part 4:184:1919; A [1923, 346](#); [1933, 60](#); 1931 NCL § 2070] — (NRS A [1971, 1339](#); [1975, 1798](#); [1981, 1757](#))

NRS 354.290 County auditor to audit apportionments and keep record of receipts and expenditures; quarterly statements.

1. The county auditor of each county shall:

- (a) Audit all apportionments made by the county treasurer.
- (b) Keep a complete record of all such apportionments to and disbursements from funds established under [NRS 354.604](#).

(c) Keep accounts showing the amount of revenue received from each of the various sources, the amount of expenditures of the various departments and the object of the expenditures.

2. At a regular meeting of the board of county commissioners in October, January, April and September, the county auditor shall submit to the board a statement containing the information required by subsection 1 in such detail as may be required, but the statement must, in any event, show the amount of outstanding warrants against and the available balance in each county, state and special fund, together with an analysis of revenues and expenditures for the previous quarter by account and fund. The analysis must use the same accounts and funds as were used in the budget adopted by the board of county commissioners for the applicable fiscal year and must be so organized as to relate directly to that budget.

3. This section is mandatory, and any county auditor failing to comply with the provisions of this section shall be punished as provided in [NRS 354.310](#).
[3:184:1919; 1919 RL p. 2703; NCL § 2069] + [Part 4:184:1919; A [1923, 346](#); [1933, 60](#); 1931 NCL § 2070] — (NRS A [1957, 236](#); [1971, 1340](#); [1975, 1799](#); [1981, 1757](#))

NRS 354.310 Provisions of [NRS 354.270](#), [354.280](#) and [354.290](#) mandatory; penalties. [NRS 354.270](#), [354.280](#) and [354.290](#) shall be considered mandatory, and any county treasurer or county auditor failing to comply with the provisions thereof is guilty of malfeasance, misfeasance or nonfeasance in office.
[Part 4:184:1919; A [1923, 346](#); [1933, 60](#); 1931 NCL § 2070] — (NRS A [1975, 640](#))

BUDGETS OF LOCAL GOVERNMENTS

NRS 354.470 Short title. [NRS 354.470](#) to [354.626](#), inclusive, may be cited as the Local Government Budget and Finance Act.
(Added to NRS by [1965, 725](#); A [1971, 1012, 1340](#); [1973, 1080](#); [1977, 509](#); [1983, 1618](#); [1987, 1031](#); [1995, 2553](#); [1997, 3294](#); [1999, 833](#); [2001, 1421, 1795](#); [2003, 78](#); [2005, 576, 1402](#); [2011, 1688](#); [2013, 2711](#))

NRS 354.472 Purposes of Local Government Budget and Finance Act.

1. The purposes of [NRS 354.470](#) to [354.626](#), inclusive, are:

- To establish standard methods and procedures for the preparation, presentation, adoption and administration of budgets of all local governments.
- To enable local governments to make financial plans for programs of both current and capital expenditures and to formulate fiscal policies to accomplish these programs.
- To provide for estimation and determination of revenues, expenditures and tax levies.
- To provide for the control of revenues, expenditures and expenses in order to promote prudence and efficiency in the expenditure of public money.

(e) To provide specific methods enabling the public, taxpayers and investors to be apprised of the financial preparations, plans, policies and administration of all local governments.

2. For the accomplishment of these purposes, the provisions of [NRS 354.470](#) to [354.626](#), inclusive, must be broadly and liberally construed.

(Added to NRS by [1965, 725](#); A [1971, 1012, 1340](#); [1981, 1758](#); [2001, 1795](#); [2005, 576](#); [2011, 1689](#); [2013, 2711](#))

NRS 354.474 Applicability to local governments; "local government" defined.

1. Except as otherwise provided in subsections 2 and 3, the provisions of [NRS 354.470](#) to [354.626](#), inclusive, apply to all local governments. For the purpose of [NRS 354.470](#) to [354.626](#), inclusive:

(a) "Local government" means every political subdivision or other entity which has the right to levy or receive money from ad valorem or other taxes or any mandatory assessments, and includes, without limitation, counties, cities, towns, boards, school districts and other districts organized pursuant to [chapters 244A, 318, 318A](#) and [379](#) of NRS, [NRS 450.550](#) to [450.750](#), inclusive, and [chapters 474, 541, 543](#) and [555](#) of NRS, and any agency or department of a county or city which prepares a budget separate from that of the parent political subdivision.

(b) "Local government" includes:

(1) The Nevada Rural Housing Authority for the purpose of loans of money from a local government in a county whose population is less than 100,000 to the Nevada Rural Housing Authority in accordance with [NRS 354.6118](#). The term does not include the Nevada Rural Housing Authority for any other purpose.

(2) A regional authority formed pursuant to [NRS 315.7805](#) but, except as otherwise provided in subparagraph (1), does not include any other housing authority created by or pursuant to [chapter 315](#) of NRS.

2. An irrigation district organized pursuant to [chapter 539](#) of NRS shall fix rates and levy assessments as provided in [NRS 539.667](#) to [539.683](#), inclusive. The levy of such assessments and the posting and publication of claims and annual financial statements as required by [chapter 539](#) of NRS shall be deemed compliance with the budgeting, filing and publication requirements of [NRS 354.470](#) to [354.626](#), inclusive, but any such irrigation district which levies an ad valorem tax shall comply with the filing and publication requirements of [NRS 354.470](#) to [354.626](#), inclusive, in addition to the requirements of [chapter 539](#) of NRS.

3. An electric light and power district created pursuant to [chapter 318](#) of NRS shall be deemed to have fulfilled the requirements of [NRS 354.470](#) to [354.626](#), inclusive, for a year in which the district does not issue bonds or levy an assessment if the district files with the Department of Taxation a copy of all documents relating to its budget for that year which the district submitted to the Rural Utilities Service of the United States Department of Agriculture.

(Added to NRS by [1965, 726](#); A [1967, 937, 1387](#); [1969, 1390](#); [1971, 13, 1013, 1341](#); [1977, 539](#); [1979, 361](#); [1993, 1150](#); [1995, 815, 2553](#); [2005, 576](#); [2011, 1377, 1689, 2727](#); [2013, 2711](#); [2017, 1960, 2037, 2721](#))

NRS 354.475 Exemption of certain special districts from certain requirements of Local Government Budget and Finance Act; conditional exemption from requirement of providing annual audit; request for audit of exempt special district by board of county commissioners; regulations.

1. All special districts subject to the provisions of the Local Government Budget and Finance Act with annual total expenditures of less than \$300,000 may petition the Department of Taxation for exemption from the requirements of the Local Government Budget and Finance Act for the filing of certain budget documents and audit reports. Such districts may further petition to use a cash basis of accounting.

2. A special district subject to the provisions of the Local Government Budget and Finance Act with budgeted annual total expenditures of \$300,000 or more in a fiscal year that reasonably anticipates its actual annual total expenditures for that fiscal year will be less than \$300,000 may petition the Department of Taxation for a conditional exemption from the requirement of providing for an annual audit pursuant to [NRS 354.624](#) for that fiscal year. If the actual annual total expenditures of the special district are \$300,000 or more, the special district shall provide for an annual audit for that fiscal year.

3. A petition filed with the Department of Taxation:

(a) Pursuant to subsection 1 must be received by the Department of Taxation on or before March 1 to be effective for the succeeding fiscal year; or

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

4. A board of county commissioners may request the Department of Taxation to audit the financial records of a special district that is exempt from the requirement of providing for an annual audit pursuant to this section.

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

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

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

6. The Committee on Local Government Finance shall adopt regulations pursuant to [NRS 354.594](#) which are necessary to carry out the purposes of this section.

7. The revenue recorded in accounts that are kept on a cash basis must consist of cash items.

8. As used in this section, "cash basis" means the system of accounting under which revenues are recorded only when received and expenditures or expenses are recorded only when paid.

(Added to NRS by [1973, 440](#); [A 1975, 1684](#); [1981, 1759](#); [1983, 253](#); [1989, 321](#); [1991, 646](#); [2001, 1421, 1795, 2318](#); [2003, 78, 83, 801](#); [2017, 188](#))

NRS 354.476 Definitions. As used in [NRS 354.470](#) to [354.626](#), inclusive, unless the context otherwise requires, the words and terms defined in [NRS 354.479](#) to [354.578](#), inclusive, have the meanings ascribed to them in those sections.

(Added to NRS by [1965, 726](#); [A 1971, 1013, 1341](#); [1981, 1759](#); [1987, 1675](#); [1989, 2074](#); [1991, 1434](#); [1995, 1934, 2554](#); [1997, 647](#); [2001, 537, 1497, 1796](#); [2003, 52](#); [2005, 577](#); [2009, 432](#); [2011, 1690, 2728](#); [2013, 2712](#))

NRS 354.479 "Accrual basis" defined. "Accrual basis" means the basis of accounting under which expenditures or expenses are recorded as soon as they result in liabilities for benefits received and revenues are recorded when earned, despite the possibility that the receipt of the revenue or the payment for the expense may take place, in whole or in part, in another accounting period.

(Added to NRS by [1967, 940](#); [A 1971, 183](#); [1981, 1759](#))

NRS 354.4815 "Administrative entity" defined. "Administrative entity" means an entity created pursuant to an interlocal agreement or interlocal contract between two or more counties to operate a regional facility.

(Added to NRS by [2001, 536](#))

NRS 354.4817 "Anticipated revenue" defined. "Anticipated revenue" means the amount of revenue anticipated to be collected or accrued during a given period.

(Added to NRS by [1965, 728](#); [A 1981, 1762](#); [2001, 1797](#))

NRS 354.482 "Appropriation" defined. "Appropriation" means an authorization by a governing body to make expenditures and to incur obligations for specified purposes.

(Added to NRS by [1965, 726](#))

NRS 354.484 "Assets" defined. "Assets" means property which:

1. Is owned by a governmental unit; and

2. Has a monetary value.

(Added to NRS by [1965, 726](#); [A 1981, 1760](#))

NRS 354.486 "Audit" defined. "Audit" means the examination and analysis of financial statements, accounting procedures and other evidence made in conformity with generally accepted auditing standards in the United States for one or more of the following purposes:

1. Determining the propriety and mathematical accuracy of material financial transactions;

2. Ascertaining whether financial transactions have been properly recorded;

3. Ascertaining whether the financial statements prepared from the accounting records fairly present in all material respects the financial position and the results of financial operations and cash flows of the governmental unit in accordance with generally accepted accounting principles in the United States and on a basis which is consistent with that of the preceding year;

4. Evaluating internal accounting controls over financial reporting of the handling of the public money and public property;
 5. Determining whether the fiscal controls established by law and administrative regulations are being properly applied;
 6. Determining whether there is any evidence that fraud or dishonesty has occurred in the handling of funds or property;
 7. Determining whether the acquisition, depreciation and disposition of property and equipment are accounted for in accordance with generally accepted accounting principles in the United States; and
 8. Determining whether the removal of the uncollectible accounts receivable from the records of a governmental unit is done in accordance with the procedure established by law and administrative regulations.
- (Added to NRS by [1965, 726](#); A [1981, 1760](#); [1993, 1199](#); [2001, 1796](#))

NRS 354.492 “Budget” defined. “Budget” means a plan of financial operation embodying an estimate of proposed expenditures and expenses for a given period and the proposed means of financing them.

(Added to NRS by [1965, 727](#); A [1981, 1760](#))

NRS 354.493 “Budget augmentation” defined. “Budget augmentation” is a procedure for increasing appropriations of a fund with the express intent of employing previously unbudgeted resources of the fund for carrying out the increased appropriations.

(Added to NRS by [1971, 1012](#); A [1981, 1761](#))

NRS 354.496 “Budget year” defined. “Budget year” means the fiscal year for which a budget is being prepared.

(Added to NRS by [1965, 727](#))

NRS 354.499 “Capital assets” defined. “Capital assets” means assets of a long-term character which are intended to continue to be held or used such as land, buildings, machinery, furniture and other equipment.

(Added to NRS by [1965, 728](#); A [2001, 1797](#))

NRS 354.4995 “Capital projects fund” defined. “Capital projects fund” means a fund created to account for resources used for the acquisition or construction of designated capital assets by a governmental unit except those financed by proprietary or trust funds.

(Added to NRS by [1983, 1636](#); A [1989, 402](#); [2001, 1798](#))

NRS 354.506 “Contingency account” defined. “Contingency account” means an account showing money that has been appropriated to provide for unforeseen expenditures or anticipated expenditures of an uncertain amount.

(Added to NRS by [1965, 727](#); A [1981, 1761](#); [2001, 1797](#))

NRS 354.510 “Debt service fund” defined. “Debt service fund” means a fund to account for the accumulation of resources for and the payment of principal or interest on any general long-term debt or medium-term obligation.

(Added to NRS by [1965, 727](#); A [1981, 1761](#); [2001, 1797](#))

NRS 354.516 “Encumbrances” defined. “Encumbrances” means commitments related to unperformed contracts for goods or services, the accounting for which is used to ensure effective budgetary control and accountability and to promote effective cash planning and control. For reporting purposes, encumbrances outstanding at a year’s end represent the estimated amount of the expenditure ultimately to result if the unperformed contracts existing at the year’s end are performed. Encumbrances outstanding at a year’s end do not constitute expenditures or liabilities.

(Added to NRS by [1965, 728](#); A [1981, 1761](#))

NRS 354.517 “Enterprise fund” defined. “Enterprise fund” means a fund established to account for operations:

1. Which are financed and conducted in a manner similar to the operations of private business enterprises, where the intent of the governing body is to have the expenses (including depreciation) of providing goods or services on a continuing basis to the general public, financed or recovered primarily through charges to the users; or
2. For which the governing body has decided that a periodic determination of revenues earned, expenses incurred and net income is consistent with public policy and is appropriate for capital maintenance, management control, accountability or other purposes.

(Added to NRS by [1971, 200](#); A [1981, 1761](#))

NRS 354.520 “Expenditure” defined.

1. “Expenditure” means:
 - (a) If the accounting records are kept on the modified accrual basis, the cost of goods delivered or services rendered, whether paid or unpaid. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term liabilities which should be recognized when due.
 - (b) If accounts are kept on the cash basis, only cash disbursements for the purposes listed in paragraph (a).
2. Encumbrances are not considered expenditures.

(Added to NRS by [1965, 728](#); A [1981, 1762](#); [2001, 1797](#))

NRS 354.523 “Expense” defined. “Expense” means any charge incurred, under the accrual basis, whether paid or unpaid, for operation, maintenance or interest or any other charge which is presumed to provide benefit in the current fiscal period.

(Added to NRS by [1981, 1756](#); A [2001, 1797](#))

NRS 354.5237 “Fiduciary fund” defined. “Fiduciary fund” means a fund used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the programs of the local government.

(Added to NRS by [2001, 1793](#))

NRS 354.524 “Final budget” defined. “Final budget” means the budget which has been adopted by a local governing body or adopted by default as defined by [NRS 354.470 to 354.626](#), inclusive, and which has been determined by the Department of Taxation to be in compliance with applicable statutes and regulations.

(Added to NRS by [1965, 728](#); A [1971, 1013](#); [1975, 1684](#); [2001, 1797](#); [2011, 1690](#))

NRS 354.526 “Fiscal year” defined. “Fiscal year” means the 12-month period beginning on the first day of July and ending on the last day of June.

(Added to NRS by [1965, 728](#))

NRS 354.529 “Function” defined. “Function” means a group of related activities aimed at accomplishing a major service or regulatory program for which a governmental unit is responsible, including, without limitation, general government, public safety, public works, health, welfare, culture and recreation, conservation of natural resources, urban redevelopment and housing, economic development and assistance, economic opportunity and activities relating to the judiciary.

(Added to NRS by [1981, 1756](#); A [2001, 1797](#))

NRS 354.530 “Fund” defined. “Fund” means a fiscal and accounting entity having a self-balancing set of accounts, recording cash and other financial resources together with all related liabilities and residual equities or balances, or changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

(Added to NRS by [1965, 728](#); A [1981, 1762](#))

NRS 354.533 “Fund balance” defined. “Fund balance” means the excess of assets over liabilities in a governmental fund.

(Added to NRS by [1981, 1757](#); A [2001, 1797](#))

NRS 354.534 “General fund” defined. “General fund” means the fund used to account for all financial resources except those required to be accounted for in another fund.

(Added to NRS by [1965, 728](#); A [1981, 1762](#))

NRS 354.535 “General long-term debt” defined. “General long-term debt” means debt which is legally payable from general revenues and is backed by the full faith and credit of a governmental unit. The term includes obligations issued by a local government pursuant to [chapter 350](#) of NRS and other long-term liabilities, including, without limitation, accrued compensated absences and claims for workers’ compensation.

(Added to NRS by [1981, 1757](#); A [1995, 1818](#); [1999, 277](#); [2001, 1798, 2318](#); [2003, 78](#))

NRS 354.536 “Governing body” defined. “Governing body” means the board, council, commission or other body in which the general legislative and fiscal powers of the local government are vested. The term includes, without limitation, the commissioners of a regional authority formed pursuant to [NRS 315.7805](#), if the general legislative and fiscal powers of the regional authority are vested in the commissioners.

(Added to NRS by [1965, 728](#); A [2017, 1961](#))

NRS 354.543 “Internal service fund” defined. “Internal service fund” means a fund used to account for the financing of goods or services furnished by a designated department or agency to governmental units within its own organization or to other departments or agencies on the basis of reimbursement for costs.

(Added to NRS by [1971, 200](#); A [1981, 1762](#))

NRS 354.548 “Liabilities” defined. “Liabilities” means, for the purpose of financial reporting, debts or other legal obligations arising out of transactions in the past which must be liquidated or refunded at some future date.

(Added to NRS by [1965, 729](#); A [1981, 1763](#))

NRS 354.550 “Modified accrual basis” defined. “Modified accrual basis” means the basis of accounting under which expenditures other than accrued interest on general long-term debt are recorded at the time liabilities are incurred and revenues are recorded when they become measurable and available to finance expenditures of the fiscal period.

(Added to NRS by [1965, 729](#); A [1971, 183](#); [1981, 1763](#))

NRS 354.553 “Proprietary fund” defined. “Proprietary fund” means an internal service fund or enterprise fund.

(Added to NRS by [2001, 1793](#))

NRS 354.557 “Regional facility” defined. “Regional facility” means a facility that is used by each county that levies a tax ad valorem for its operation pursuant to [NRS 354.59818](#) and provides services related to public safety, health or criminal justice. The term includes a regional facility for the treatment and rehabilitation of children for which an assessment is paid pursuant to [NRS 62B.160](#).

(Added to NRS by [2001, 536](#); A [2003, 1135](#); [2017, 4398](#))

NRS 354.560 “Reserve” defined. “Reserve” means, in accounting and reporting of government funds, a portion of the fund equity which is not appropriable for expenditures or is segregated by law or contract for a specific future use.

(Added to NRS by [1965, 729](#); A [1971, 183](#); [1981, 1763](#); [1987, 631](#))

NRS 354.562 “Revenue” defined. “Revenue” means the gross receipts and receivables of a local government derived from taxes and all other sources except from appropriations and allotments.

(Added to NRS by [1965, 729](#); A [1967, 937](#); [1981, 1763](#); [2001, 1798](#))

NRS 354.570 “Special revenue fund” defined. “Special revenue fund” means a fund used to account for specific revenue sources, other than sources for major capital projects, which are restricted by law to expenditure for specified purposes.

(Added to NRS by [1965, 729](#); A [1971, 200](#); [1981, 1763](#); [2001, 1798](#))

NRS 354.571 “Supplemental city-county relief tax” defined. “Supplemental city-county relief tax” means the fees, taxes, interest and penalties which derive from that portion of the city-county relief tax which exceeds the original tax levied at the rate of one-half of 1 percent.

(Added to NRS by [1981, 305](#))

NRS 354.574 “Tax rate” defined. “Tax rate” means the amount of tax stated in terms of a unit of the tax base.

(Added to NRS by [1965, 730](#))

NRS 354.578 “Tentative budget” defined. “Tentative budget” means the budget that is prepared initially, published and recorded by each local government for an ensuing fiscal year prior to its approval by the Department of Taxation and such other supervisory bodies as are charged by law with the examination of tentative budgets, and prior to its subsequent adoption.

(Added to NRS by [1965, 730](#); A [1975, 1684](#))

NRS 354.590 Actions of governing body by resolution or ordinance. Whenever the terms of [NRS 354.470](#) to [354.626](#), inclusive, require or refer to action of a governing body by resolution, the governing body may at its discretion act by ordinance, if it is otherwise authorized by law to adopt ordinances.

(Added to NRS by [1965, 730](#); A [1971, 1013](#), [1342](#); [2013, 2712](#))

NRS 354.592 Publication of notice: Requirements; cost. Whenever the terms of [NRS 354.470](#) to [354.626](#), inclusive, require publication of notice, such requirement shall be deemed to have been met when such notice is published once in some newspaper published within the area encompassed or served by the local government. However, if no such newspaper is published within that area such notice shall be published in some newspaper published in the State of Nevada and having a general circulation in the area. The cost of publications shall be a proper charge against the appropriate fund of the local government.

(Added to NRS by [1965, 730](#); A [1971, 1014](#), [1342](#))

NRS 354.594 Committee on Local Government Finance to determine and advise local governments of regulations, procedures and report forms. The Committee on Local Government Finance shall determine and advise local government officers of regulations, procedures and report forms for compliance with [NRS 354.470](#) to [354.626](#), inclusive.

(Added to NRS by [1965, 726](#); A [1967, 938](#); [1971, 734](#), [1014](#), [1342](#); [1975, 1685](#); [1989, 238](#); [1995, 143](#); [2001, 2318](#); [2009, 432](#); [2011, 1690](#); [2013, 2712](#))

NRS 354.5943 Regulations establishing procedures for transferring function from one local government to another.

1. The Committee on Local Government Finance shall adopt regulations to establish procedures for transferring a function from one local government to another local government.

2. The regulations adopted by the Committee on Local Government Finance pursuant to subsection 1 must:

(a) Be adopted in the manner prescribed for state agencies in [chapter 233B](#) of NRS.

(b) Include provisions requiring:

(1) Except as otherwise provided in subsection 3, at least 180 days’ notice to the affected local governments of the intent to transfer a function from one local government to another local government, unless a different period of notification is required by a statute or by contractual agreement.

(2) The exchange of such information between the affected local governments as is necessary to complete the transfer, including, without limitation, such matters as a complete description of the function to be transferred and the mechanism to be used to pay for the performance of that function.

3. Affected local governments may, by mutual agreement, waive the requirements set forth in subparagraph (1) of paragraph (b) of subsection 2.

(Added to NRS by [2009, 431](#))

NRS 354.5945 Capital improvement plan: Preparation and submission; provision to Director of Legislative Counsel Bureau upon request; filing for public inspection; limitation on amount of expenditures; required contents; reconciliation of capital outlay; exemption.

1. Except as otherwise provided in subsection 7, each local government shall annually prepare, on a form prescribed by the Department of Taxation for use by local governments, a capital improvement plan for the fiscal year ending on June 30 of that year and the ensuing 5 fiscal years.

2. On or before August 1 of each year, each local government shall submit a copy of the capital improvement plan of the local government to the:

- (a) Department of Taxation; and
- (b) Debt management commission of the county in which the local government is located.

➤ The Department of Taxation shall provide a copy of a capital improvement plan of a local government to the Director of the Legislative Counsel Bureau upon his or her request.

3. Each local government shall file a copy of the capital improvement plan of the local government for public record and inspection by the public in the offices of:

- (a) The clerk or secretary of the governing body; and
- (b) The county clerk.

4. The total amount of the expenditures contained in the capital improvement plan of the local government for the next ensuing fiscal year must equal the total amount of expenditures for capital outlay set forth in the final budget of the local government for each fund listed in that budget.

5. The capital improvement plan must include the estimated or actual revenues and expenditures for each capital project and the estimated or actual date for completion of each capital project.

6. The capital improvement plan must reconcile the capital outlay in each fund in the final budget for the first year of the capital improvement plan to the final budget in the next ensuing fiscal year. The reconciliation must identify the minimum level of expenditure for items classified as capital assets in the final budget and the minimum level of expenditure for items classified as capital projects in the capital improvement plan. The reconciliation of capital outlay items in the capital improvement plan must be presented on forms created and distributed by the Department of Taxation.

7. Local governments that are exempt from the requirements of the Local Government Budget and Finance Act pursuant to subsection 1 of [NRS 354.475](#) are not required to file a capital improvement plan.

(Added to NRS by [1999, 832](#); A [2001, 1798](#); [2003, 802](#); [2005, 128, 1402](#); [2017, 1041](#))

NRS 354.5947 Annual report concerning capital improvements owned, leased or operated by local government: Compilation; requirements; submission to Department of Taxation; provision to Director of Legislative Counsel Bureau upon request.

1. In addition to the records and inventory controls established and maintained pursuant to [NRS 354.625](#), the governing body of each local government shall, for each fiscal year, compile a report concerning the capital improvements owned, leased or operated by the local government.

2. The report of the capital improvements required pursuant to subsection 1 must be prepared in such detail as is required by generally accepted accounting principles.

3. The governing body shall submit, in any format including an electronic format, a copy of the report compiled pursuant to subsection 1 on or before February 1 of the year next succeeding the period to which the report pertains to the Department of Taxation. The Department of Taxation shall provide a copy of the report compiled pursuant to subsection 1 to the Director of the Legislative Counsel Bureau upon his or her request.

(Added to NRS by [2005, 1402](#); A [2017, 1041](#))

NRS 354.596 Tentative budget: Preparation, submission and filing; notice and public hearing; certificate of compliance or lack of compliance from Department of Taxation; amendment to effect compliance.

1. The officer charged by law shall prepare, or the governing body shall cause to be prepared, on appropriate forms prescribed by the Department of Taxation for the use of local governments, a tentative budget for the ensuing fiscal year. The tentative budget for the following fiscal year must be submitted to the county auditor and filed for public record and inspection in the office of:

- (a) The clerk or secretary of the governing body; and
- (b) The county clerk.

2. On or before April 15, a copy of the tentative budget must be submitted:

- (a) To the Department of Taxation; and
- (b) In the case of school districts, to the Department of Education.

3. At the time of filing the tentative budget, the governing body shall give notice of the time and place of a public hearing on the tentative budget and shall cause a notice of the hearing to be published once in a newspaper of general circulation within the area of the local government not more than 14 nor less than 7 days before the date set for the hearing. The notice of public hearing must state:

- (a) The time and place of the public hearing.
- (b) That a tentative budget has been prepared in such detail and on appropriate forms as prescribed by the Department of Taxation.
- (c) The places where copies of the tentative budget are on file and available for public inspection.

4. The public hearing on the tentative budget must be held by the governing body not sooner than the third Monday in May and not later than the last day in May.

5. The Department of Taxation shall examine the submitted documents for compliance with law and with appropriate regulations and shall submit to the governing body at least 3 days before the public hearing a written certificate of compliance or a written notice of lack of compliance. The written notice must indicate the manner in which the submitted documents fail to comply with law or appropriate regulations.

6. Whenever the governing body receives from the Department of Taxation a notice of lack of compliance, the governing body shall forthwith proceed to amend the tentative budget to effect compliance with the law and with the appropriate regulation.

(Added to NRS by [1965, 730](#); A [1969, 1081](#); [1973, 404](#); [1975, 160, 1685](#); [1979, 1372](#); [1985, 1054, 1729](#); [1987, 163](#); [2001, 1799](#); [2005, 1403](#); [2015, 222](#))

NRS 354.5965 Tentative budget: Inclusion and availability of list of certain contracts.

1. In preparing a tentative budget pursuant to [NRS 354.596](#), the governing body of a local government shall prepare and include a list of any existing contracts the local government has with persons or temporary employment services, the proposed expenditures for such contracts in the next 2 fiscal years and the reasons for the use of such persons or services. If such contracts include privatization contracts, the local government must include in the list:

- (a) The duration of such contracts;
- (b) The number of privatization contracts proposed for the next 2 fiscal years and the estimated expenditures for such contracts; and
- (c) A summary of the number of persons the local government proposes to employ pursuant to each contract, reflected as their equivalent full-time positions if the persons were employed regularly by the local government, and their equivalent hourly wage.

2. The list prepared pursuant to this section is a public record and must be open to public inspection.

3. As used in this section, "privatization contract" means a contract executed by or on behalf of a local government which authorizes a private entity to provide public services which are:

- (a) Substantially similar to the services provided by the public employees of the local government; and
- (b) In lieu of the services otherwise authorized or required to be provided by the local government.

(Added to NRS by [2011, 2727](#))

NRS 354.597 Tentative budget and final budget: Reduction of estimate of revenues by amount of taxes ad valorem expected to be delinquent.

1. In preparing a tentative budget, the governing body of a local government, except a school district, which determines that the amount of revenue to be received from taxes ad valorem during the ensuing fiscal year will be reduced because one or more lessees or users of property which is taxable pursuant to [NRS 361.157](#) or [361.159](#) will be delinquent in paying the tax, may, upon approval by the Executive Director of the Department of Taxation, reduce the estimate of revenue from taxes ad valorem by the amount of the tax expected to be delinquent.

2. In adopting a final budget, the governing body of a local government, except a school district, shall reduce the estimate of revenue from taxes ad valorem by the amount determined pursuant to subsection 1, unless the governing body has determined since the preparation of the tentative budget that some or all of the tax expected to be delinquent will be paid. The governing body shall increase the estimate of revenue from taxes ad valorem by the amount of tax no longer expected to be delinquent, if any.

3. The provisions of this section do not affect the calculation of the limitation upon revenue from taxes ad valorem pursuant to [NRS 354.59811](#) or any estimate of assessed valuation used to distribute revenue among local governments or determine the debt limit of the State, a local government or a school district.

(Added to NRS by [1997, 1113](#))

NRS 354.598 Final budget: Adoption; budget by default; certification; appropriations; limitations; changes.

1. At the time and place advertised for public hearing, or at any time and place to which the public hearing is from time to time adjourned, the governing body shall hold a public hearing on the tentative budget, at which time interested persons must be given an opportunity to be heard.

2. At the public hearing, the governing body shall indicate changes, if any, to be made in the tentative budget and shall adopt a final budget by the favorable votes of a majority of all members of the governing body. Except as otherwise provided in this subsection, the final budget must be adopted on or before June 1 of each year. The final budgets of school districts must be adopted on or before June 8 of each year. Should the governing body fail to adopt a final budget that complies with the requirements of law and the regulations of the Committee on Local Government Finance on or before the required date, the budget adopted and used for certification of the combined ad valorem tax rate by the Department of Taxation for the current year, adjusted as to content and rate in such a manner as the Department of Taxation may consider necessary, automatically becomes the budget for the ensuing fiscal year. When a budget has been so adopted by default, the governing body may not reconsider the budget without the express approval of the Department of Taxation. If the default budget creates a combined ad valorem tax rate in excess of the limit imposed by [NRS 361.453](#), the Nevada Tax Commission shall adjust the budget as provided in [NRS 361.4547](#) or [361.455](#).

3. The final budget must be certified by a majority of all members of the governing body, and a copy of it, together with an affidavit of proof of publication of the notice of the public hearing, must be transmitted to the Nevada Tax Commission. If a tentative budget is adopted by default as provided in subsection 2, the clerk of the governing body shall certify the budget and transmit to the Nevada Tax Commission a copy of the budget, together with an affidavit of proof of the notice of the public hearing, if that notice was published. Certified copies of the final budget must be distributed as determined by the Department of Taxation.

4. Upon the adoption of the final budget or the amendment of the budget in accordance with [NRS 354.598005](#), the several amounts stated in it as proposed expenditures are appropriated for the purposes indicated in the budget.

5. No governing body may adopt any budget which appropriates for any fund any amount in excess of the budget resources of that fund.

6. If a local government makes a change in its final budget which increases the combined ad valorem tax rate, the local government shall submit the amended final budget to the county auditor within 15 days after making the change.

(Added to NRS by [1965, 731](#); [A 1967, 938](#); [1969, 1083](#); [1975, 161, 1686](#); [1979, 1240, 1373](#); [1981, 311](#); [1987, 164](#); [1993, 1432](#); [1995, 1031](#); [1997, 1778](#); [1999, 1358](#); [2001, 1800, 2319](#); [2003, 162](#); [2003, 19th Special Session, 84](#))

NRS 354.598005 Procedures and requirements for augmenting or amending budget.

1. If anticipated resources actually available during a budget period exceed those estimated, a local government may augment a budget in the following manner:

(a) If it is desired to augment the appropriations of a fund to which ad valorem taxes are allocated as a source of revenue, the governing body shall, by majority vote of all members of the governing body, adopt a resolution reciting the appropriations to be augmented, and the nature of the unanticipated resources intended to be used for the augmentation. Before the adoption of the resolution, the governing body shall publish notice of its intention to act thereon in a newspaper of general circulation in the county for at least one publication. No vote may be taken upon the resolution until 3 days after the publication of the notice.

(b) If it is desired to augment the budget of any fund other than a fund described in paragraph (a) or an enterprise or internal service fund, the governing body shall adopt, by majority vote of all members of the governing body, a resolution providing therefor at a regular meeting of the body.

2. A budget augmentation becomes effective upon delivery to the Department of Taxation of an executed copy of the resolution providing therefor.

3. Nothing in [NRS 354.470](#) to [354.626](#), inclusive, precludes the amendment of a budget by increasing the total appropriation for any fiscal year to include a grant-in-aid, gift or bequest to a local unit of government which is required to be used for a specific purpose as a condition of the grant. Acceptance of such a grant and agreement to the terms imposed by the granting agency or person constitutes an appropriation to the purpose specified.

4. A local government need not file an augmented budget for an enterprise or internal service fund with the Department of Taxation but shall include the budget augmentation in the next quarterly report.

5. Budget appropriations may be transferred between functions, funds or contingency accounts in the following manner, if such a transfer does not increase the total appropriation for any fiscal year and is not in conflict with other statutory provisions:

(a) The person designated to administer the budget for a local government may transfer appropriations within any function.

(b) The person designated to administer the budget may transfer appropriations between functions or programs within a fund, if:

(1) The governing body is advised of the action at the next regular meeting; and

(2) The action is recorded in the official minutes of the meeting.

(c) Upon recommendation of the person designated to administer the budget, the governing body may authorize the transfer of appropriations between funds or from the contingency account, if:

(1) The governing body announces the transfer of appropriations at a regularly scheduled meeting and sets forth the exact amounts to be transferred and the accounts, functions, programs and funds affected;

(2) The governing body sets forth its reasons for the transfer; and

(3) The action is recorded in the official minutes of the meeting.

6. In any year in which the Legislature by law increases or decreases the revenues of a local government, and that increase or decrease was not included or anticipated in the local government's final budget as adopted pursuant to [NRS 354.598](#), the governing body of any such local government may, within 30 days of adjournment of the legislative session, file an amended budget with the Department of Taxation increasing or decreasing its anticipated revenues and expenditures from that contained in its final budget to the extent of the actual increase or decrease of revenues resulting from the legislative action.

7. In any year in which the Legislature enacts a law requiring an increase or decrease in expenditures of a local government, which was not anticipated or included in its final budget as adopted pursuant to [NRS 354.598](#), the governing body of any such local government may, within 30 days of adjournment of the legislative session, file an amended budget with the Department of Taxation providing for an increase or decrease in expenditures from that contained in its final budget to the extent of the actual amount made necessary by the legislative action.

8. An amended budget, as approved by the Department of Taxation, is the budget of the local government for the current fiscal year.

9. On or before January 1 of each school year, each school district shall adopt an amendment to its final budget after the average daily enrollment of pupils is reported for the preceding quarter pursuant to subsection 1 of [NRS 387.1223](#). The amendment must reflect any adjustments necessary as a result of the report.

(Added to NRS by [2001, 1793](#); A [2015, 3731](#))

NRS 354.59801 Local government to file copy of final budget and final plan for capital improvements for public inspection. Each local government shall file in the office of the clerk or secretary of its governing body, for public record and inspection:

1. A copy of its final budget; and

2. A copy of its final plan for capital improvements prepared pursuant to [NRS 354.5945](#) and, if applicable, [NRS 350.013](#).

(Added to NRS by [1985, 1054](#); A [1989, 188](#); [1999, 833](#); [2001, 1801](#))

NRS 354.59803 Reporting of expenditures of local government for lobbying activities: Requirements; filing with Department of Taxation; availability for inspection.

1. In each year in which the Legislature convenes, a local government which expends more than \$6,000 on activities designed to influence the passage or defeat of any legislation shall file with the Department of Taxation within 30 days after the close of the legislative session a report supplemental to its final budget which includes separate items for expenses relating to that activity, including, without limitation:

(a) Transportation.

(b) The amount of money spent on:

(1) The lodging and meals of its officers, lobbyists and employees;

(2) The salary or wages paid to its officers and employees; and

(3) Compensation paid to any lobbyists, to the extent that such information does not duplicate the information required pursuant to subparagraphs (1) and (2).

(c) The amount of money spent on entertainment, gifts or other expenses which are required to be reported pursuant to [chapter 218H](#) of NRS.

(d) The amount of money spent in Carson City on supplies, equipment and facilities and other personnel and services needed to support the activity.

(e) An identification of the fund, account or other source against which the expenses were charged.

2. The local government shall make a copy of the supplemental report available for inspection within 30 days after the close of the legislative session.

(Added to NRS by [1985, 1518](#); A [2001, 2477](#))

NRS 354.59811 Limitation upon revenue from taxes ad valorem: Calculation.

1. Except as otherwise provided in [NRS 244.377](#), [278C.260](#), [354.59813](#), [354.59815](#), [354.59818](#), [354.5982](#), [354.5987](#), [354.705](#), [354.723](#), [450.425](#), [450.760](#), [540A.265](#) and [543.600](#), for each fiscal year beginning on or after July 1, 1989, the maximum amount of money that a local government, except a school district, a district to provide a telephone number for emergencies or a redevelopment agency, may receive from taxes ad valorem, other than those attributable to the net proceeds of minerals or those levied for the payment of bonded indebtedness and interest thereon incurred as general long-term debt of the issuer, or for the payment of obligations issued to pay the cost of a water project pursuant to [NRS 349.950](#), or for the payment of obligations under a capital lease executed before April 30, 1981, must be calculated as follows:

(a) The rate must be set so that when applied to the current fiscal year's assessed valuation of all property which was on the preceding fiscal year's assessment roll, together with the assessed valuation of property on the central assessment roll which was allocated to the local government, but excluding any assessed valuation attributable to the net proceeds of minerals, assessed valuation attributable to a redevelopment area and assessed valuation of a fire protection district attributable to real property which is transferred from private ownership to public ownership for the purpose of conservation, it will produce 106 percent of the maximum revenue allowable from taxes ad valorem for the preceding fiscal year, except that the rate so determined must not be less than the rate allowed for the previous fiscal year, except for any decrease attributable to the imposition of a tax pursuant to [NRS 354.59813](#) in the previous year.

(b) This rate must then be applied to the total assessed valuation, excluding the assessed valuation attributable to the net proceeds of minerals and the assessed valuation of a fire protection district attributable to real property which is transferred from private ownership to public ownership for the purpose of conservation, but including new real property, possessory interests and mobile homes, for the current fiscal year to determine the allowed revenue from taxes ad valorem for the local government.

2. As used in this section, "general long-term debt" does not include debt created for medium-term obligations pursuant to [NRS 350.087](#) to [350.095](#), inclusive.

(Added to NRS by [1983, 557](#); [A 1983, 1058](#); [1987, 368, 434, 1341, 1686, 2034](#); [1989, 46, 806, 2074](#); [1995, 1818, 1895](#); [1997, 550, 1340, 2561, 2573](#); [1999, 87, 277, 2537](#); [2001, 60, 61, 537, 1801, 2319](#); [2003, 162, 480](#); [2005, 1767](#); [2013, 3136](#))

NRS 354.59813 Limitation upon revenue from taxes ad valorem: Levy of additional tax ad valorem for operating purposes under certain circumstances.

1. In addition to the allowed revenue from taxes ad valorem determined pursuant to [NRS 354.59811](#), if the estimate of the revenue available from the supplemental city-county relief tax to the county as determined by the Executive Director of the Department of Taxation pursuant to the provisions of subsection 10 of [NRS 360.690](#) is less than the amount of money that would be generated by applying a tax rate of \$1.15 per \$100 of assessed valuation to the assessed valuation of the county, except any assessed valuation attributable to the net proceeds of minerals, the governing body of each local government may levy an additional tax ad valorem for operating purposes. The total tax levied by the governing body of a local government pursuant to this section must not exceed a rate calculated to produce revenue equal to the difference between the:

(a) Amount of revenue from supplemental city-county relief tax estimated to be received by the county pursuant to subsection 10 of [NRS 360.690](#); and

(b) The tax that the county would have been estimated to receive if the estimate for the total revenue available from the tax was equal to the amount of money that would be generated by applying a tax rate of \$1.15 per \$100 of assessed valuation to the assessed valuation of the county,

multiplied by the proportion determined for the local government pursuant to subparagraph (2) of paragraph (a) of subsection 4 of [NRS 360.690](#), subparagraph (2) of paragraph (a) of subsection 5 of [NRS 360.690](#) or subsection 6 of [NRS 360.690](#), as appropriate.

2. Any additional taxes ad valorem levied as a result of the application of this section must not be included in the base from which the allowed revenue from taxes ad valorem for the next subsequent year is computed.

3. As used in this section, "local government" has the meaning ascribed to it in [NRS 360.640](#).

(Added to NRS by [1989, 2073](#); [A 1991, 1434](#); [1997, 3294](#); [1999, 1099](#); [2003, 1637](#); [2005, 13](#); [2013, 19, 3137](#))

NRS 354.59815 Limitation upon revenue from taxes ad valorem: Levy of additional tax ad valorem for capital projects without approval of voters.

1. In addition to the allowed revenue from taxes ad valorem determined pursuant to [NRS 354.59811](#), the board of county commissioners may levy a tax ad valorem on all taxable property in the county at a rate not to exceed 5 cents per \$100 of the assessed valuation of the county.

2. If a tax is levied pursuant to subsection 1 in:

(a) A county whose population is less than 100,000, the board of county commissioners shall direct the county treasurer to distribute quarterly the proceeds of the tax among the county and the cities and towns within that county in the proportion that the supplemental city-county relief tax distribution factor of each of those local governments for the 1990-1991 Fiscal Year bears to the sum of the supplemental city-county relief tax distribution factors of all of the local governments in the county for the 1990-1991 Fiscal Year.

(b) A county whose population is 100,000 or more but less than 700,000, the board of county commissioners shall direct the county treasurer to distribute quarterly, from the proceeds of the tax for:

(1) The fiscal year beginning on July 1, 2008:

(I) Eighty-eight percent of those proceeds among the county and the cities and towns within that county in the proportion that the supplemental city-county relief tax distribution factor of each of those local governments for the 1990-1991 Fiscal Year bears to the sum of the supplemental city-county relief tax distribution factors of all the local governments in the county for the 1990-1991 Fiscal Year; and

(II) Twelve percent of those proceeds to the State Treasurer for deposit in the State Highway Fund for administration pursuant to subsection 7 of [NRS 408.235](#).

(2) The fiscal year beginning on July 1, 2009:

(I) Seventy-six percent of those proceeds to the State Treasurer for deposit in the State General Fund; and

(II) Twenty-four percent of those proceeds to the State Treasurer for deposit in the State Highway Fund for administration pursuant to subsection 7 of [NRS 408.235](#).

(3) The fiscal year beginning on July 1, 2010:

(I) Sixty-four percent of those proceeds to the State Treasurer for deposit in the State General Fund; and

(II) Thirty-six percent of those proceeds to the State Treasurer for deposit in the State Highway Fund for administration pursuant to subsection 7 of [NRS 408.235](#).

(4) The fiscal year beginning on July 1, 2011:

(I) Fifty-two percent of those proceeds among the county and the cities and towns within that county in the proportion that the supplemental city-county relief tax distribution factor of each of those local governments for the 1990-1991 Fiscal Year bears to the sum of the supplemental city-county relief tax distribution factors of all the local governments in the county for the 1990-1991 Fiscal Year; and

(II) Forty-eight percent of those proceeds to the State Treasurer for deposit in the State Highway Fund for administration pursuant to subsection 7 of [NRS 408.235](#).

(5) Each fiscal year beginning on or after July 1, 2012:

(I) Forty percent of those proceeds among the county and the cities and towns within that county in the proportion that the supplemental city-county relief tax distribution factor of each of those local governments for the 1990-1991 Fiscal Year bears to the sum of the supplemental city-county relief tax distribution factors of all the local governments in the county for the 1990-1991 Fiscal Year; and

(II) Sixty percent of those proceeds to the State Treasurer for deposit in the State Highway Fund for administration pursuant to subsection 7 of [NRS 408.235](#).

(c) A county whose population is 700,000 or more, from the proceeds of the tax for each fiscal year beginning on or after July 1, 2013:

(1) Forty percent of those proceeds must be divided among the county and the cities within the county as provided in this subparagraph. The board of county commissioners shall direct the county treasurer to retain 30 percent and distribute quarterly the remaining 70 percent among the county and the cities within the county in the proportion that the projected assessed value of the unincorporated areas of the county and each of those cities for the fiscal year bears to the sum of the projected assessed values of the unincorporated areas and all those cities for that fiscal year.

(2) Sixty percent of those proceeds must be remitted quarterly by the county treasurer to the State Treasurer for deposit in the State Highway Fund for administration pursuant to subsection 7 of [NRS 408.235](#).

↪ As used in this paragraph, "projected assessed value" means the assessed value of real and personal property in a county or city, as applicable, excluding real or personal property in any redevelopment area, which is projected by the Department of Taxation in the report prepared pursuant to [NRS 361.4535](#).

3. The board of county commissioners shall not reduce the rate of any tax levied pursuant to the provisions of subsection 1 without the approval of the State Board of Finance and each of the local governments that receives a portion of the tax, except that, if a local government declines to receive its portion of the tax in a particular year the levy may be reduced by the amount that local government would have received.

(Added to NRS by [1989, 2073](#); A [1991, 1435](#); [2007, 1588](#), [1968](#); [2009, 2075](#); [2013, 803](#))

NRS 354.598155 Special ad valorem capital projects fund.

1. Each local government that receives a portion of the revenue from the tax levied pursuant to the provisions of [NRS 354.59815](#) shall establish a special ad valorem capital projects fund and shall deposit all revenue received pursuant to the provisions of [NRS 354.59815](#) in that fund. All interest and income earned on the money in the fund must also be deposited in the fund.

2. The money in the fund may only be used for:

- (a) The purchase of capital assets including land, improvements to land and major items of equipment;
- (b) The renovation of existing governmental facilities not including normal recurring maintenance; and
- (c) The repayment of a medium-term obligation issued to fund a project described in paragraph (a) or (b).

3. Money may be retained in the fund for not more than 10 years to allow the funding of projects without the issuance of bonds or other obligations. For the purpose of determining the length of time a deposit of money has been retained in the fund, all money withdrawn from the fund shall be deemed to be taken on a first-in, first-out basis.

4. The annual budget and audit report of each local government must specifically identify this fund and must indicate in detail the projects that have been funded with money from the fund. Any planned accumulation of the money in the fund must also be specifically identified.

(Added to NRS by [1989, 2073](#); A [1995, 1819](#))

NRS 354.59817 Limitation upon revenue from taxes ad valorem: Levy of additional tax ad valorem for capital projects upon approval of voters.

1. In addition to the allowed revenue from taxes ad valorem determined pursuant to [NRS 354.59811](#), upon the approval of a majority of the registered voters of a county voting upon the question, the board of county commissioners may levy a tax ad valorem on all taxable property in the county at a rate not to exceed 15 cents per \$100 of the assessed valuation of the county. A tax must not be levied pursuant to this section for more than 10 years.

2. The board of county commissioners shall direct the county treasurer to distribute quarterly the proceeds of any tax levied pursuant to the provisions of this section among the county and the cities and towns within that county in the proportion that the supplemental city-county relief tax distribution factor of each of those local governments for the 1990-1991 fiscal year bears to the sum of the supplemental city-county relief tax distribution factors of all the local governments in the county for the 1990-1991 fiscal year.

3. The board of county commissioners shall not reduce the rate of any tax levied pursuant to the provisions of this section without the approval of each of the local governments that receives a portion of the tax, except that, if a local government declines to receive its portion of the tax in a particular year, the levy may be reduced by the amount that local government would have received.

4. The governing body of each local government that receives a portion of the revenue from the tax levied pursuant to this section shall establish a separate capital projects fund for the purposes set forth in this section. All interest and income earned on the money in the fund must also be deposited in the fund. The money in the fund may only be used for:

- (a) The purchase of capital assets, including land, improvements to land and major items of equipment;
- (b) The construction or replacement of public works; and
- (c) The renovation of existing governmental facilities, not including normal recurring maintenance.

↪ The money in the fund must not be used to finance the issuance or the repayment of bonds or other obligations, including medium-term obligations and installment-purchase agreements.

5. Money may be retained in the fund for not more than 10 years to allow the funding of projects without the issuance of bonds or other obligations. For the purpose of determining the length of time a deposit of money has been retained in the fund, all money withdrawn from the fund shall be deemed to be taken on a first-in, first-out basis. No money in the fund at the end of the fiscal year may revert to any other fund, nor may the money be a surplus for any other purpose than those specified in this section.

6. The annual budget and audit report of each local government must specifically identify this fund and must indicate in detail the projects that have been funded with money from the fund. Any planned accumulation of the money in the fund must also be specifically identified.

7. The projects on which money raised pursuant to this section will be expended must be approved by the voters in the question submitted pursuant to subsection 1 or in a separate question submitted on the ballot at a general or special election.

(Added to NRS by [1993, 1149](#); A [1997, 555](#); [2001, 1802, 2320](#); [2003, 162](#))

NRS 354.59818 Limitation upon revenue from taxes ad valorem: Levy of additional tax ad valorem for operation of regional facility without approval of voters.

1. In addition to the allowed revenue from taxes ad valorem determined pursuant to [NRS 354.59811](#), the boards of county commissioners of at least two counties may levy a tax ad valorem on all taxable property in their respective counties at a rate not to exceed 5 cents per \$100 of the assessed valuation of each county to pay the costs of operating a regional facility.

2. Counties that levy a tax ad valorem pursuant to subsection 1 may enter into an interlocal agreement or interlocal contract to create an administrative entity to operate a regional facility.

3. The revenue of a tax collected pursuant to this section must be remitted on the first day of the first month of each calendar quarter to:

- (a) If the regional facility is operated by a county, the treasurer of the county; or
- (b) If the regional facility is operated by an administrative entity, the administrative entity.

4. By the end of each fiscal year, the board of county commissioners of each county that levies a tax pursuant to this section must determine the rate of tax required to produce revenue in an amount which is sufficient to pay the operating costs of the regional facility for the ensuing fiscal year. When calculating a rate pursuant to this section, the board of county commissioners of each county shall consider the amount of money remaining in the fund created pursuant to [NRS 354.59819](#), if such a fund is created, unless the amount of money remaining in the fund is 10 percent or less of the revenue deposited for the current fiscal year.

(Added to NRS by [2001, 536](#))

NRS 354.59819 Separate fund for revenue used for operation of regional facility.

1. If two or more counties create an administrative entity pursuant to [NRS 354.59818](#), the administrative entity shall establish a separate fund to account for the revenue received from taxes levied pursuant to [NRS 354.59818](#).

2. The money in the fund may only be withdrawn by the administrative entity and must be used only to pay the expenses of operating the regional facility that is operated by the administrative entity.

3. All interest and income from money deposited in the fund must be credited to the fund.

4. The annual budget and audit report of an administrative entity that establishes a fund pursuant to this section must:

- (a) Identify the fund;
- (b) Indicate in detail all revenue received for the year;
- (c) Indicate in detail all expenses for the year which were paid with money from the fund; and
- (d) Specifically identify any planned accumulation of money in the fund.

5. Money remaining in the fund at the end of a fiscal year must not revert to any other fund.

6. Upon termination of an interlocal agreement or interlocal contract that creates an administrative entity, the money remaining in a fund established pursuant to this section must be transmitted to the treasurer of each county which was a party to the interlocal agreement or interlocal contract and which levied a tax pursuant to [NRS 354.59818](#). Each county that is entitled to receive a portion of the money remaining in the fund must receive an amount equal to the same proportion of the total amount of revenue the county contributed to the fund. A county that receives money pursuant to this section shall deposit the money in a fund established pursuant to [NRS 354.6113](#) or [354.6115](#) for use in the same manner as other money deposited in that fund.

7. Nothing in this section may be construed to require a board of county commissioners that is a party to an interlocal agreement or interlocal contract to levy a tax pursuant to [NRS 354.59818](#).

(Added to NRS by [2001, 537](#))

NRS 354.5982 Limitation upon revenue from taxes ad valorem: Authority to exceed pursuant to vote of people; addition of imposed costs.

1. The local government may exceed the limit imposed by [NRS 354.59811](#) upon the calculated receipts from taxes ad valorem only if its governing body proposes to its registered voters an additional property tax, and the proposal is approved by a majority of the voters voting on the question at a general election, a general city election or a special election called for that purpose. The question submitted to the voters must contain the rate of the proposed additional property tax stated in dollars and cents per \$100 assessed valuation, the purpose of the proposed additional property tax, the duration of the proposed additional property tax and an estimate established by the governing body of the increase in the amount of property taxes that an owner of a new home with a fair market value of \$100,000 will pay per year as a result of the passage of the question. The duration of the levy must not exceed 30 years. The governing body may discontinue the levy before it expires and may not thereafter reimpose it in whole or in part without following the procedure required for its original imposition.

2. A special election may be held:

(a) At any time, including, without limitation, on the date of a primary city election or a primary state election, if the governing body of the local government determines, by a unanimous vote, that an emergency exists; or

(b) On the second Tuesday after the first Monday in June of an odd-numbered year, whether or not the local government also holds a general city election on that date.

3. The determination made by the governing body pursuant to subsection 2 that an emergency exists is conclusive unless it is shown that the governing body acted with fraud or a gross abuse of discretion. An action to challenge the determination made by the governing body must be commenced within 15 days after the governing body's determination is final. As used in this subsection, "emergency" means any unexpected occurrence or combination of occurrences which requires immediate action by the governing body of the local government to prevent or mitigate a substantial financial loss to the local government or to enable the governing body to provide an essential service to the residents of the local government.

4. To the allowed revenue from taxes ad valorem determined pursuant to [NRS 354.59811](#) for a local government, the Executive Director of the Department of Taxation shall add any amount approved by the Legislature for the cost to that local government of any substantial program or expense required by legislative enactment.

(Added to NRS by [1981, 305](#); A [1981, 1245](#); [1983, 495, 554, 1051](#); [1987, 434, 1386](#); [1989, 47, 939, 2075, 2087](#); [1991, 1435](#); [1993, 1068, 2660, 2662](#); [1997, 3294](#); [1999, 1083](#); [2001, 602](#); [2015, 1886](#))

NRS 354.59821 Limitation upon revenue from taxes ad valorem: Forms for submission of ballot question and examples of previous questions to be provided by Committee on Local Government Finance.

1. The Committee on Local Government Finance shall annually provide to each city clerk, county clerk and district attorney:

(a) Forms for submitting a ballot question to the registered voters of a local government for the imposition of an additional property tax pursuant to [NRS 354.5982](#); and

(b) Examples of past ballot questions for the imposition of an additional property tax.

2. The city clerk, county clerk or district attorney may make these forms and examples available to the general public.

(Added to NRS by [1999, 1083](#))

NRS 354.5987 Establishment of allowed revenue from taxes ad valorem of certain local governments by Nevada Tax Commission.

1. For the purposes of [NRS 354.59811](#), the allowed revenue from taxes ad valorem of any local government must be established by the Nevada Tax Commission for the first fiscal year it is in existence.

2. Except as otherwise provided in subsections 3 and 5, if the local government for which the allowed revenue from taxes ad valorem is to be established performs a function previously performed by another local government, the total revenue allowed to all local governments for performance of substantially the same function in substantially the same geographical area must not be increased. To achieve this result, the Nevada Tax Commission shall request the Committee on Local Government Finance to prepare a statement of the prior cost of performing the function for each predecessor local government. Within 60 days after receipt of such a request, the Committee on Local Government Finance shall prepare a statement pursuant to the request and transmit it to the Nevada Tax Commission. The Nevada Tax Commission may accept, reject or amend the statement of the Committee on Local Government Finance. The decision of the Nevada Tax Commission is final. Upon making a final determination of the prior cost of performing the function for each predecessor local government, the Nevada Tax Commission shall:

(a) Determine the percentage that the prior cost of performing the function for each predecessor local government is of the allowed revenue from taxes ad valorem of that local government; and

(b) Apply the percentage determined pursuant to paragraph (a) to the allowed revenue from taxes ad valorem and subtract that amount from the allowed revenue from taxes ad valorem of the predecessor local government.

↪ The allowed revenue from taxes ad valorem attributable to the new local government for the cost of performing the function must equal the total of the amounts subtracted for the prior cost of performing the function from the allowed revenue from taxes ad valorem of all the predecessor local governments.

3. If the local government for which the allowed revenue from taxes ad valorem is to be established is an unincorporated town which provides a service not previously provided by another local government, and the board of county commissioners has included the unincorporated town in a resolution adopted pursuant to the provisions of [NRS 269.5755](#), the Nevada Tax Commission shall, if the unincorporated town does not receive revenue from taxes ad valorem, establish the allowed revenue of the town from taxes ad valorem at an amount which is in the same ratio to the assessed valuation of the town as the combined allowed revenues from taxes ad valorem are to the combined assessed valuations of the other unincorporated towns included in the common levy.

4. Except as otherwise provided in subsection 5, the allowed revenue from taxes ad valorem of all local governments in the county, determined pursuant to [NRS 354.59811](#), must not be increased, but the total allowed revenue from taxes ad valorem must be reallocated among the local governments consistent with subsection 2 to accommodate the amount established for the new local government pursuant to subsection 1.

5. In establishing the allowed revenue from taxes ad valorem of a county, city or town pursuant to this section, the Nevada Tax Commission shall allow a tax rate for operating expenses of at least 15 cents per \$100 of assessed valuation in addition to the tax rate allowed for any identified and restricted purposes and for debt service.

6. As used in this section:

(a) "Predecessor local government" means a local government which previously performed all or part of a function to be performed by the local government for which the allowed revenue from taxes ad valorem is being established pursuant to subsection 1.

(b) "Prior cost of performing the function" means the amount expended by a local government to perform a function which is now to be performed by another local government. The amount must be determined on the basis of the most recent fiscal year for which reliable information is available.

(Added to NRS by [1981, 307](#); A [1983, 558, 1052](#); [1985, 1653](#); [1989, 1046, 1564, 2076, 2088](#); [1991, 1436](#); [1995, 143, 2179](#); [1997, 3295](#); [2001, 1803](#))

NRS 354.59874 Adjustment of allowed revenue from taxes ad valorem upon assumption by local government of function or provision of service previously performed by another local government pursuant to agreement between local governments. Except as otherwise provided in subsection 2 of [NRS 354.5987](#) and [NRS 354.598743](#) and [354.598747](#), if one local government takes over a function or provides a service previously performed by another local government pursuant to an agreement between the local governments, upon petition by the participating local governments, the Executive Director of the Department of Taxation shall:

1. Reduce the allowed revenue from taxes ad valorem calculated pursuant to [NRS 354.59811](#) of the local government which previously performed the function or provided the service, for the first year the service is provided or the function is performed by an amount equal to the cost of performing the function or providing the service; and

2. Increase the allowed revenue from taxes ad valorem calculated pursuant to [NRS 354.59811](#) of the local government which assumed the performance of the function or the provision of the service, for the first year the service is provided or the function is performed by an amount equal to the amount by which the reduction was made pursuant to subsection 1.

(Added to NRS by [1989, 805](#); A [1989, 2087](#); [1991, 1438](#); [1997, 3298](#))

NRS 354.598743 Adjustment of allowed revenue from taxes ad valorem upon assumption by local government of function previously performed by another local government that no longer exists. Except as otherwise provided in [NRS 354.598747](#), if one or more local governments assume the functions previously performed by a local government that no longer exists, the Nevada Tax Commission shall add to the allowed revenue from taxes ad valorem otherwise allowable to the local government or local governments pursuant to [NRS 354.59811](#) an amount equal to the allowed revenue from taxes ad valorem for the last fiscal year of existence of the local government whose functions were assumed. If more than one local government assumes the functions, the additional revenue must be divided among the local governments on the basis of the proportionate costs of the functions assumed. The Nevada Tax Commission shall not allow any increase in the allowed revenue from taxes ad valorem if the increase would result in a decrease in revenue of any local government in the county that does not assume those functions.

(Added to NRS by [1997, 3292](#))

NRS 354.598747 Calculation of amount distributed from Local Government Tax Distribution Account to local government, special district or enterprise district that assumes functions of another local government or district.

1. To calculate the amount to be distributed pursuant to the provisions of [NRS 360.680](#) and [360.690](#) from a county's subaccount in the Local Government Tax Distribution Account to a local government, special district or enterprise district after it assumes the functions of another local government, special district or enterprise district:

(a) Except as otherwise provided in this section, the Executive Director of the Department of Taxation shall:

(1) Add the amounts calculated pursuant to subsection 1 or 2 of [NRS 360.680](#) for each local government, special district or enterprise district and allocate the combined amount to the local government, special district or enterprise district that assumes the functions; and

(2) If applicable, add the average change in population and average change in the assessed valuation of taxable property that would otherwise be allowed to the local government or special district whose functions are assumed, including the assessed valuation attributable to a redevelopment agency but excluding the portion attributable to the net proceeds of minerals, pursuant to subsection 4 or 5 of [NRS 360.690](#), as appropriate, to the average change in population and average change in assessed valuation for the local government, special district or enterprise district that assumes the functions.

(b) If two or more local governments, special districts or enterprise districts assume the functions of another local government, special district or enterprise district, the additional revenue must be divided among the local governments, special districts or enterprise districts that assume the functions on the basis of the proportionate costs of the functions assumed.

↪ The Nevada Tax Commission shall not allow any increase in the allowed revenue from the taxes contained in the county's subaccount in the Local Government Tax Distribution Account if the increase would result in a decrease in revenue of any local government, special district or enterprise district in the county that does not assume those functions. If more than one local government, special district or enterprise district assumes the functions, the Nevada Tax Commission shall determine the appropriate amounts calculated pursuant to subparagraphs (1) and (2) of paragraph (a).

2. If a city disincorporates, the board of county commissioners of the county in which the city is located must determine the amount the unincorporated town created by the disincorporation will receive pursuant to the provisions of [NRS 360.600](#) to [360.740](#), inclusive.

3. As used in this section:

(a) "Enterprise district" has the meaning ascribed to it in [NRS 360.620](#).

(b) "Local government" has the meaning ascribed to it in [NRS 360.640](#).

(c) "Special district" has the meaning ascribed to it in [NRS 360.650](#).

(Added to NRS by [1997, 3293](#); A [1999, 7, 1095, 1099](#); [2001, 70](#); [2003, 1637](#); [2005, 14](#); [2013, 20, 3137](#))

NRS 354.59875 Calculation and imposition of common levy for unincorporated town; preparation and availability of document showing services provided.

1. If the board of county commissioners of a county has established a common levy authorized pursuant to [NRS 269.5755](#), it shall calculate the rate of that levy by combining the amount of revenue from taxes ad valorem authorized for each of the unincorporated towns participating in the common levy, including any adjustment permitted by statute or authorized by the Nevada Tax Commission, and dividing that sum by the combined assessed valuation of those unincorporated towns. The resulting common rate must be imposed on all taxable property located in those unincorporated towns.

2. Whether or not a common levy has been established, each board of county commissioners shall cause to be prepared and made available as a public record a document showing:

(a) The services provided throughout the county and financed from the rate levied for the county as such; and

(b) The services provided in each area for which an additional rate is levied and financed from that rate.

(Added to NRS by [1985, 2254](#))

NRS 354.59881 Limitations on fees applicable to public utilities: Definitions. As used in [NRS 354.59881](#) to [354.59889](#), inclusive, unless the context otherwise requires, the words and terms defined in [NRS 354.598812](#) to [354.598818](#), inclusive, have the meanings ascribed to them in those sections.

(Added to NRS by [1995, 2188](#); A [1997, 1987, 2742](#); [1999, 603, 604](#); [2001, 1644](#); [2007, 1383](#))

NRS 354.598812 Limitations on fees applicable to public utilities: "Customer" defined. "Customer" does not include any customer of a provider of a telecommunication service other than a retail customer.

(Added to NRS by [1997, 2741](#))

NRS 354.598813 Limitations on fees applicable to public utilities: "Delinquent amount" defined. "Delinquent amount" means any portion of a fee collected from a customer by a public utility that is not paid to the city or county by the public utility within 30 days after the last day of the quarter in which the fee is due.

(Added to NRS by [1997, 2741](#))

NRS 354.598814 Limitations on fees applicable to public utilities: "Fee" defined. "Fee" means a charge imposed by a city or county upon a public utility for a business license, franchise or right-of-way over streets or other public areas, except any charge paid pursuant to the provisions of [NRS 709.110](#), [709.230](#) or [709.270](#).

(Added to NRS by [1997, 2741](#); A [2007, 1383](#))

NRS 354.598815 Limitations on fees applicable to public utilities: "Jurisdiction" defined. "Jurisdiction" means:

1. In the case of a city, the corporate limits of the city.
2. In the case of a county, the unincorporated area of the county.

(Added to NRS by [1997, 2741](#))

NRS 354.598816 Limitations on fees applicable to public utilities: "Personal wireless service" defined. "Personal wireless service" has the meaning ascribed to it in 47 U.S.C. § 332(c)(7)(C) as that provision exists on July 16, 1997.

(Added to NRS by [1997, 2742](#))

NRS 354.5988165 Limitations on fees applicable to public utilities: "Place of primary use" defined. "Place of primary use" has the meaning ascribed to it in 4 U.S.C. § 124(8), as that section existed on August 1, 2002.

(Added to NRS by [2001, 1644](#))

NRS 354.598817 Limitations on fees applicable to public utilities: "Public utility" defined.

1. "Public utility" includes a person or local government that:

(a) Provides electric energy or gas, regardless of whether the person or local government is subject to regulation by the Public Utilities Commission of Nevada, except that the term "public utility" does not include a person who is subject to the provisions of [NRS 590.465](#) to [590.645](#), inclusive;

(b) Is a telecommunication carrier as that term is defined in 47 U.S.C. § 153 on July 16, 1997, if the person or local government holds a certificate of public convenience and necessity issued by the Public Utilities Commission of Nevada and derives intrastate revenue from the provision of telecommunication service to retail customers; or

(c) Sells or resells personal wireless services.

2. The term does not include a video service provider, as defined in [NRS 711.151](#).

(Added to NRS by [1997, 2742](#); A [1999, 603, 604](#); [2007, 591, 1384](#))

NRS 354.598818 Limitations on fees applicable to public utilities: "Revenue" defined. "Revenue" does not include:

1. Any proceeds from the interstate sale of natural gas to:

(a) A provider of electric energy that holds a certificate of public convenience and necessity issued by the Public Utilities Commission of Nevada; or

(b) A wholesale provider of electric energy; or

2. Any revenue of a provider of a telecommunication service other than intrastate revenue that the provider collects from retail customers.

(Added to NRS by [1997, 2742](#); A [1999, 603, 604](#); [2007, 1384](#); [2011, 890](#))

NRS 354.59883 Limitations on fees applicable to public utilities: Adoption of ordinance imposing or increasing fee prohibited under certain circumstances. A city or county shall not adopt an ordinance imposing or increasing a fee:

1. If that ordinance would alter the terms of any existing franchise agreement between the city or county and a public utility.

2. That applies to any public utility which does not derive revenue from customers located within the jurisdiction of the city or county.

3. If, after the adoption of the ordinance:

(a) Any part of a fee to which the ordinance applies will be based upon any revenue of a public utility other than its revenue from customers located within the jurisdiction of the city or county.

(b) The total cumulative amount of all fees the city or county imposes upon a public utility to which the ordinance applies will exceed:

(1) Except as otherwise provided in subparagraph (2), 5 percent of the utility's gross revenue from customers located within the jurisdiction of the city or county.

(2) For a public utility that sells or resells personal wireless services, 5 percent of its gross revenue from the first \$15 charged monthly for each line of access for each of its customers whose place of primary use is located within the jurisdiction of the city or county.

(Added to NRS by [1995, 2188](#); A [1997, 1988, 2743](#); [1999, 492](#); [2001, 1644](#))

NRS 354.59885 Limitations on fees applicable to public utilities: Submission of certain information by public utility before commencement of service; quarterly statements of revenue required; identification of customers provided to public utility; information included in bill. If a city or county adopts an ordinance imposing or increasing a fee:

1. Each public utility to which the ordinance applies or which intends to derive revenue from customers located within the jurisdiction of the city or county shall, not later than 60 calendar days after the effective date of the ordinance or 30 calendar days before the public utility begins to provide electric energy, gas or a telecommunication service to those customers, whichever occurs later, provide to the city or county:

- (a) An acknowledgment that the public utility is operating or intends to operate within the jurisdiction of that city or county; and
- (b) The date when the public utility began or intends to begin to derive revenue from customers located within the jurisdiction of the city or county.

2. In addition to the requirements of subsection 1, each public utility to which the ordinance applies shall, not later than 30 calendar days after the end of each calendar quarter, provide to the city or county a statement of the amount of revenue the public utility derived during that calendar quarter from the sale of electric energy, gas or a telecommunication service to each of its customers located within the jurisdiction of that city or county.

3. The city or county shall, at no charge, provide to each public utility to which the ordinance applies any information that is necessary to identify each customer that is affected by the fee imposed or increased by the city or county, including the address of each customer. If the public utility requests the city or county to provide the information in a specific form, the city or county may charge a fee for the cost of providing the information in that form.

4. Upon receipt of the information that the city or county is required to provide pursuant to the provisions of subsection 3, the public utility may indicate on the bills that it sends to its customers the fee that is imposed or increased by the city or county.

5. A public utility that indicates the fee on the bills it sends to its customers pursuant to the provisions of subsection 4:

- (a) Shall be deemed to have complied with the provisions of this section and [NRS 354.59887](#); and
- (b) Is not liable to the city or county for any damages for the failure to comply with the provisions of this section and [NRS 354.59887](#),

→ if it reasonably relies upon the information that it receives from the city or county pursuant to the provisions of subsection 3.

(Added to NRS by [1995, 2189](#); A [1997, 2743](#))

NRS 354.59887 Limitations on fees applicable to public utilities: Rate; quarterly payments; collection; penalties and interest on delinquent amounts; apportionment among customers of public utility. If a city or county adopts an ordinance imposing or increasing a fee:

1. The entire amount of any fee to which the ordinance applies must be:

- (a) Imposed at the same rate upon each public utility that provides similar services within the jurisdiction of the city or county; and
- (b) Paid by the public utility to the city or county in legal tender of the United States or in a check, draft or note that is payable in legal tender of the United States.

2. The city or county:

(a) Shall require each public utility to which the ordinance applies to pay quarterly the fees imposed upon it that it has collected from its customers.

(b) May, to the extent it determines that it is impracticable to collect from a public utility to which the ordinance applies any of the fees imposed upon the public utility, collect any of those fees directly from the customers of the public utility located within the jurisdiction of the city or county in proportion to the amount of revenue the public utility derives from each of those customers.

(c) May, except as otherwise provided in this paragraph, assess combined penalties and interest of not more than 2 percent per month of the delinquent amount of any fee to which the ordinance applies. If a city annexes any land, it may not assess any penalties or interest pursuant to this paragraph regarding any fee imposed for the operation of a public utility within the annexed land during any period:

- (1) Before the effective date of the annexation; or
- (2) More than 30 days before the city provides the public utility with notice of the annexation,

→ whichever occurs later.

(d) May provide, by ordinance, that the fees imposed upon the public utility may be collected from a governmental entity of the State if that entity is a customer of the public utility.

3. A public utility to which the ordinance applies shall, except for any fees collected by the city or county pursuant to paragraph (b) of subsection 2, collect the aggregate of all its fees imposed by the city or county directly from its customers located within the jurisdiction of the city or county in proportion to the amount of revenue the public utility derives from each of those customers. The fees may be shown on a customer's bill individually or collectively.

4. A public utility to which the ordinance applies shall not collect from a customer any penalties or interest assessed pursuant to paragraph (c) of subsection 2.

(Added to NRS by [1995, 2189](#); A [1997, 2744](#))

NRS 354.59888 Limitations on fees applicable to public utilities: Procedure for resolving alleged errors concerning billing of customers of public utility that sells or resells personal wireless services for certain fees or designation of place of primary use.

1. If a customer of a public utility that sells or resells personal wireless services believes that the amount of a fee imposed pursuant to [NRS 354.59881](#) to [354.59889](#), inclusive, or the designation of a place of primary use is incorrect, the customer may notify the public utility in writing of the alleged error. The notice must include:

- (a) The street address for the place of primary use of the customer;
- (b) The account number and name shown on the billing statement of the account for which the customer alleges the error;
- (c) A description of the alleged error; and
- (d) Any other information which the public utility may reasonably require to investigate the alleged error.

2. Within 60 days after receiving a notice sent pursuant to subsection 1, the public utility shall review the records which the public utility uses to determine the place of primary use of its customers.

3. If the review indicates:

(a) That the alleged error exists, the public utility shall correct the error and refund or credit the customer for the amount which was erroneously collected for the applicable period, not to exceed the 24 months immediately preceding the date on which the customer notified the public utility of the alleged error.

(b) That no error exists, the public utility shall provide a written explanation to the customer who alleged the error.

4. A customer may not bring a cause of action against a public utility that sells or resells personal wireless services for fees incorrectly imposed pursuant to [NRS 354.59881](#) to [354.59889](#), inclusive, unless the customer first complies with this section.

(Added to NRS by [2001, 1643](#))

NRS 354.59889 Limitations on fees applicable to public utilities: Change of fees.

1. A city or county shall not change any of its fees except through the adoption of an ordinance which provides that the change does not become effective until at least 90 days after the city or county complies with the provisions of subsection 3 of [NRS 354.59885](#).

2. The cumulative amount of any increases in fees imposed by a city or county during any period of 24 months must not exceed 1 percent of the gross revenue of any public utility to which the increase applies from customers located within the jurisdiction of that city or county.

(Added to NRS by [1995, 2190](#); [A 1997, 1988, 2745](#); [1999, 492](#))

NRS 354.5989 Limitations on fees for business licenses; exceptions.

1. A local government shall not increase any fee for a business license or adopt a fee for a business license issued for revenue or regulation, or both, except as permitted by this section. This prohibition does not apply to fees:

(a) Imposed by hospitals, county airports, airport authorities, convention authorities, the Las Vegas Valley Water District or the Clark County Sanitation District;

(b) Imposed on public utilities for the privilege of doing business pursuant to a franchise;

(c) Imposed in compliance with the provisions of [NRS 711.670](#) on video service providers for the privilege of doing business pursuant to [chapter 711](#) of NRS;

(d) For business licenses which are calculated as a fraction or percentage of the gross revenue of the business;

(e) Imposed pursuant to [NRS 244.348, 268.0973, 268.821](#) or [269.182](#); or

(f) Regulated pursuant to [NRS 354.59881](#) to [354.59889](#), inclusive.

2. The amount of revenue the local government derives or is allowed to derive, whichever is greater, from all fees for business licenses except:

(a) The fees excluded by subsection 1, for the fiscal year ended on June 30, 1991; and

(b) The fees collected for a particular type of business during the immediately preceding fiscal year ending on June 30 that a local government will not collect in the next subsequent fiscal year,

↪ is the base from which the maximum allowable revenue from such fees must be calculated for the next subsequent fiscal year. To the base must be added the sum of the amounts respectively equal to the product of the base multiplied by the percentage increase in the population of the local government added to the percentage increase in the Consumer Price Index for the year ending on December 31 next preceding the year for which the limit is being calculated. The amount so determined becomes the base for computing the allowed increase for each subsequent year.

3. A local government may not increase any fee for a business license which is calculated as a fraction or percentage of the gross revenue of the business if its total revenues from such fees have increased during the preceding fiscal year by more than the increase in the Consumer Price Index during that preceding calendar year. The provisions of this subsection do not apply to a fee:

(a) Imposed in compliance with the provisions of [NRS 711.670](#) on video service providers for the privilege of doing business pursuant to [chapter 711](#) of NRS;

(b) Imposed pursuant to [NRS 244.348, 268.0973, 268.821](#) or [269.182](#); or

(c) Regulated pursuant to [NRS 354.59881](#) to [354.59889](#), inclusive.

4. A local government may submit an application to increase its revenue from fees for business licenses beyond the amount allowable pursuant to this section to the Nevada Tax Commission, which may grant the application only if it finds that the rate of a business license of the local government is substantially below that of other local governments in the State.

5. The provisions of this section apply to a business license regardless of the fund to which the revenue from it is assigned. An ordinance or resolution enacted by a local government in violation of the provisions of this section is void.

6. As used in this section, "fee for a business license" does not include a tax imposed on the revenues from the rental of transient lodging.

(Added to NRS by [1981, 308](#); [A 1981, 1254](#); [1983, 1053](#); [1987, 808](#); [1989, 2078](#); [1991, 34, 1439](#); [1993, 1179, 2325](#); [1995, 695, 2190](#); [1999, 1312](#); [2007, 1384](#))

NRS 354.59891 Limitations on fees for building permits, barricade permits and encroachment permits; exceptions.

1. As used in this section:

(a) "Barricade permit" means the official document issued by the building officer of a local government which authorizes the placement of barricade appurtenances or structures within a public right-of-way.

(b) "Building permit" means the official document or certificate issued by the building officer of a local government which authorizes the construction of a structure.

(c) "Building permit basis" means the combination of the rate and the valuation method used to calculate the total building permit fee.

(d) "Building permit fee" means the total fees that must be paid before the issuance of a building permit, including, without limitation, all permit fees and inspection fees. The term does not include, without limitation, fees relating to water, sewer or other utilities, residential construction tax, tax for the improvement of transportation imposed pursuant to [NRS 278.710](#), any fee imposed pursuant to [NRS 244.386](#) or [268.4413](#) or any amount expended to change the zoning of the property.

(e) "Current asset" means any cash maintained in an enterprise fund and any interest or other income earned on the money in the enterprise fund that, at the end of the current fiscal year, is anticipated by a local government to be consumed or converted into cash during the next ensuing fiscal year.

(f) "Current liability" means any debt incurred by a local government to provide the services associated with issuing building permits that, at the end of the current fiscal year, is determined by the local government to require payment within the next ensuing fiscal year.

(g) "Encroachment permit" means the official document issued by the building officer of a local government which authorizes construction activity within a public right-of-way.

(h) "Operating cost" means the amount paid by a local government for supplies, services, salaries, wages and employee benefits to provide the services associated with issuing building permits.

(i) "Working capital" means the excess of current assets over current liabilities, as determined by the local government at the end of the current fiscal year.

2. Except as otherwise provided in subsections 3 and 4, a local government shall not increase its building permit basis by more than an amount equal to the building permit basis on June 30, 1989, multiplied by a percentage equal to the percentage increase in the Western Urban Nonseasonally Adjusted Consumer Price Index, as published by the United States Department of Labor, from January 1, 1988, to the January 1 next preceding the fiscal year for which the calculation is made.

3. A local government may submit an application to increase its building permit basis by an amount greater than otherwise allowable pursuant to subsection 2 to the Nevada Tax Commission. The Nevada Tax Commission may allow the increase only if it finds that:

(a) Emergency conditions exist which impair the ability of the local government to perform the basic functions for which it was created; or

(b) The building permit basis of the local government is substantially below that of other local governments in the State and the cost of providing the services associated with the issuance of building permits in the previous fiscal year exceeded the total revenue received from building permit fees, excluding any amount of residential construction tax collected, for that fiscal year.

4. Upon application by a local government, the Nevada Tax Commission shall exempt the local government from the limitation on the increase of its building permit basis if:

(a) The local government creates an enterprise fund pursuant to [NRS 354.612](#) exclusively for building permit fees, fees imposed for the issuance of barricade permits and fees imposed for encroachment permits;

(b) The purpose of the enterprise fund is to recover the costs of operating the activity for which the fund was created, including overhead;

(c) Any interest or other income earned on the money in the enterprise fund is credited to the enterprise fund;

(d) The local government maintains a balance of unreserved working capital in the enterprise fund that does not exceed 50 percent of the annual operating costs and capital expenditures for the program for the issuance of barricade permits, encroachment permits and building permits of the local government, as determined by the annual audit of the local government conducted pursuant to [NRS 354.624](#); and

(e) The local government does not use any of the money in the enterprise fund for any purpose other than the actual direct and indirect costs of the program for the issuance of barricade permits, encroachment permits and building permits, including, without limitation, the cost of checking plans, issuing permits, inspecting buildings and administering the program. The Committee on Local Government Finance shall adopt regulations governing the permissible expenditures from an enterprise fund pursuant to this paragraph.

5. Any amount in an enterprise fund created pursuant to this section that is designated for special use, including, without limitation, prepaid fees and any other amount subject to a contractual agreement, must be identified as a restricted asset and must not be included as a current asset in the calculation of working capital.

6. If a balance in excess of the amount authorized pursuant to paragraph (d) of subsection 4 is maintained in an enterprise fund created pursuant to this section at the close of 2 consecutive fiscal years, the local government shall reduce the fees for barricade permits, encroachment permits and building permits it charges by an amount that is sufficient to ensure that the balance in the enterprise fund at the close of the fiscal year next following those 2 consecutive fiscal years does not exceed the amount authorized pursuant to paragraph (d) of subsection 4.

(Added to NRS by [1987, 808](#); A [1989, 2080](#); [1991, 35, 290, 1440](#); [2001, 385, 2321](#); [2003, 1960](#); [2005, 577](#); [2013, 780](#))

NRS 354.59893 Advisory committee to review enterprise fund for issuance of building permits, barricade permits and encroachment permits: Establishment; appointment and terms of members; officers; duties and powers.

1. Each local government that creates an enterprise fund pursuant to [NRS 354.59891](#) shall establish an advisory committee to review the operations of, and make recommendations relating to, the enterprise fund.

2. The governing body of the local government or its designee shall appoint at least five members to the committee which:

(a) Must include:

(1) A representative of the residential construction industry;

(2) A representative of the commercial development industry; and

(3) A representative of the construction industry; and

(b) May include:

(1) A public officer or employee of the local government who manages the fiscal affairs of the local government; and

(2) A public officer or employee of the local government who oversees directly the operation of the enterprise fund.

3. Each member of the committee must be appointed for a term of at least 2 years but not to exceed 4 years. The governing body or its designee may renew the term of any member of the committee.

4. The members of the committee shall select a chair from among their membership.

5. The committee may issue opinions and recommendations to the governing body of the local government concerning, without limitation:

(a) The adequacy of the fees that the local government charges for barricade permits, encroachment permits and building permits;

(b) The financial objectives and annual budget of the program for the issuance of barricade permits, encroachment permits and building permits; and

(c) Any other relevant issue related to the operation of the enterprise fund.

6. As used in this section:

- (a) "Barricade permit" has the meaning ascribed to it in paragraph (a) of subsection 1 of [NRS 354.59891](#).
 - (b) "Building permit" has the meaning ascribed to it in paragraph (b) of subsection 1 of [NRS 354.59891](#).
 - (c) "Encroachment permit" has the meaning ascribed to it in paragraph (g) of subsection 1 of [NRS 354.59891](#).
- (Added to NRS by [2005, 575](#))

NRS 354.599 Specified source of additional revenue required under certain circumstances when Legislature directs local governmental action requiring additional funding. If the Legislature directs one or more local governments to:

1. Establish a program or provide a service; or
2. Increase a program or service already established which requires additional funding,

and the expense required to be paid by each local government to establish, provide or increase the program or service is \$5,000 or more, a specified source for the additional revenue to pay the expense must be authorized by a specific statute. The additional revenue may only be used to pay expenses directly related to the program or service. If a local government has money from any other source available to pay such expenses, that money must be applied to the expenses before any money from the revenue source specified by statute.

(Added to NRS by [1969, 800](#); A [1971, 236](#); [1975, 1686](#); [1979, 1241](#); [1981, 312](#); [1987, 1669](#); [1993, 1349](#); [1999, 1181](#); [2001, 1804](#))

NRS 354.600 Contents of budget. Each budget must include:

1. Detailed estimates of revenues, balances in other funds and other sources of financing for the budget year classified by funds and sources in a manner and on forms prescribed by the Department of Taxation.
2. Detailed estimates of expenditures and other uses of money for the budget year classified in a manner and on forms prescribed by the Department of Taxation.
3. A separate statement of the anticipated expenses relating to activities designed to influence the passage or defeat of any legislation, setting forth each separate category of expenditure that is required to be included in a supplemental report pursuant to subsection 1 of [NRS 354.59803](#).

(Added to NRS by [1965, 732](#); A [1975, 1687](#); [1997, 2486](#); [2001, 1805, 2477](#); [2003, 178](#))

NRS 354.601 Construction of capital improvement without funding for operation and maintenance included in approved budget prohibited. A local government shall not begin the construction of a capital improvement unless the funding for the operation and maintenance of the improvement during the current fiscal year, including personnel, is included in an approved budget.

(Added to NRS by [1997, 2486](#))

NRS 354.6015 Fiscal report of local government: Requirements; publication of summary; regulations.

1. Except as otherwise provided in subsection 3, the governing board of a local government shall:
 - (a) Submit electronically a fiscal report of the local government to the Department of Taxation in accordance with the requirements prescribed by the Committee on Local Government Finance pursuant to subsection 2; and
 - (b) Publish a summary of the fiscal report, which must contain the information required by the Committee on Local Government Finance pursuant to subsection 2, in a newspaper of general circulation in the county in which the local government is situated.
2. The Committee on Local Government Finance shall prescribe, by regulation:
 - (a) The dates and times for filing a fiscal report, which must require a local government to file at least one fiscal report per year;
 - (b) The content of a fiscal report, which must include, without limitation, revenues, expenditures, fund balances, cash balances, components of assessed value, debt schedules and any other information that the Committee on Local Government Finance determines to be appropriate for determining the financial status of a local government;
 - (c) The content for a summary of a fiscal report that must be published pursuant to subsection 1; and
 - (d) A uniform method for creating and submitting a fiscal report electronically pursuant to this section. The method must facilitate the storage and reproduction of the fiscal report in electronic format by the Department of Taxation.

3. The Committee on Local Government Finance may establish, by regulation, an exception to the requirement that a fiscal report be submitted to the Department of Taxation in electronic format. The exception must be limited to local governments that the Committee determines do not have the financial ability to comply with the method for submitting a fiscal report to the Department of Taxation prescribed by the Committee. If the Committee on Local Government Finance provides an exception pursuant to this subsection, the Committee shall provide, by regulation, specific standards that it will use to determine whether a local government qualifies for an exemption pursuant to this subsection.

4. The Committee on Local Government Finance shall adopt regulations pursuant to this section in the manner prescribed for state agencies in [chapter 233B](#) of NRS.

(Added to NRS by [2001, 1420](#))

NRS 354.6025 Annual report of indebtedness of local government: Requirement; compilation into state report.

1. Each local government shall submit to the Department of Taxation, annually, an itemized report showing all its outstanding indebtedness. The Department of Taxation shall prescribe the form and time of filing for all such reports.

2. Upon receipt of the annual local government reports of indebtedness, the Department of Taxation shall compile the information into a state report of local government indebtedness. Copies of such report shall be submitted to the Governor and the Fiscal Analysis Division of the Legislative Counsel Bureau.

3. As used in this section, "indebtedness" does not include any liability which is incurred by a local government for the purchase of goods and services on open accounts.

(Added to NRS by [1977, 508](#); A [1977, 350](#); [2009, 1028](#))

NRS 354.603 Separate accounts in bank, credit union, savings and loan association or savings bank for school district, county hospital, consolidated library district and district library.

1. The board of trustees of any county school district, the board of hospital trustees of any county hospital or the board of trustees of any consolidated library district or district library may establish and administer separate accounts in:

- (a) A bank whose deposits are insured by the Federal Deposit Insurance Corporation;
- (b) A credit union whose deposits are insured by the National Credit Union Share Insurance Fund or by a private insurer approved pursuant to [NRS 672.755](#); or
- (c) A savings and loan association or savings bank whose deposits if made by the State, a local government or an agency of either, are insured by the Federal Deposit Insurance Corporation, or the legal successor of the Federal Deposit Insurance Corporation,

↪ for money deposited by the county treasurer which is by law to be administered and expended by those boards.

2. The county treasurer shall transfer the money to a separate account pursuant to subsection 1 when the following conditions are met:

(a) The board of trustees of the county school district, the board of hospital trustees of the county hospital or the board of trustees of the consolidated library district or district library adopts a resolution declaring an intention to establish and administer a separate account in accordance with the provisions of this section.

(b) The board of trustees of the county school district, the board of hospital trustees of the county hospital or the board of trustees of the consolidated library district or district library sends a certificate to the county treasurer, the county auditor, the board of county commissioners and, in the case of the board of trustees of the county school district, to the Department of Education, attested by the secretary of the board, declaring the intention of the board to establish and administer a separate account in accordance with the provisions of this section.

(c) The board of hospital trustees of the county hospital or the board of trustees of the consolidated library district or district library submits monthly reports, listing all transactions involving the separate account, to the county treasurer, the county auditor and the board of county commissioners. The reports must be certified by the secretary of the board. In addition, the board shall give a full account and record of all money in such an account upon request of the board of county commissioners.

3. The separate account of the board of trustees of the county school district established under the provisions of this section must be composed of:

- (a) The county school district fund; and
 - (b) The county school district building and sites fund.
4. The separate account established by the board of county hospital trustees is designated the county hospital fund.

5. The separate account of the board of trustees of the consolidated library district or district library established under the provisions of this section must be composed of:

- (a) The fund for the consolidated library or district library, as appropriate; and
- (b) The capital projects fund of the consolidated library or district library, as appropriate.

6. No expenditures from an account may be made in excess of the balance of the account.

7. Such an account must support all expenditures properly related to the purpose of the fund, excluding direct payments of principal and interest on general obligation bonds, and including, but not limited to, debt service, capital projects, capital outlay and operating expenses.

8. The board of county commissioners, if it determines that there is clear evidence of misuse or mismanagement of money in any separate account, may order the closing of the account and the return of the money to the county treasury to be administered in accordance with existing provisions of law. The board of trustees of the county school district, the board of hospital trustees of the county hospital or the board of trustees of the consolidated library district or district library is entitled to a hearing before the board of county commissioners.

(Added to NRS by [1971, 1338](#); [A 1975, 12](#), [1800](#); [1979, 537](#), [1884](#), [1886](#); [1981, 685](#), [1764](#); [1989, 615](#); [1993, 215](#), [2783](#), [2818](#); [1995, 2204](#); [1999, 1474](#); [2001, 1805](#))

NRS 354.604 Funds maintained by local governments. Each local government shall maintain, according to its own needs:

1. The following kinds of governmental funds:

- (a) General fund;
- (b) Special revenue fund;
- (c) Capital projects fund;
- (d) Debt service fund; and
- (e) Permanent fund.

2. The following kinds of proprietary funds:

- (a) Enterprise fund; and
- (b) Internal service fund.

3. The following kinds of fiduciary funds:

- (a) Pension and other employee benefits funds;
- (b) Investment trust funds;
- (c) Private-purpose trust funds; and
- (d) Agency funds.

(Added to NRS by [1965, 732](#); [A 1971, 200](#), [1014](#), [1342](#); [1981, 1765](#); [1983, 1636](#); [1989, 403](#); [2001, 1806](#))

NRS 354.608 Contingency account: Establishment; limit on appropriations; expenditures. A contingency account may be established in any governmental fund. The maximum amount which may be appropriated for such a contingency account is 3 percent of the money otherwise appropriated to the fund, exclusive of any amounts to be transferred to other funds. No expenditure may be made directly from such a contingency account, except as a transfer to the appropriate account, and then only in accordance with the procedure established in [NRS 354.598005](#).

(Added to NRS by [1965, 733](#); A [1981, 1766](#); [2001, 1807](#))

NRS 354.609 Petty cash, imprest or revolving account.

1. The governing body of any local government may, by resolution, establish one or more petty cash accounts, imprest accounts or revolving accounts in a bank or credit union to assist in the administration of any activities in which the local government is authorized by law to engage.
2. A resolution establishing any petty cash account, imprest account or revolving account in a bank or credit union shall, in detail, set forth the following:
 - (a) The object and purpose of the account.
 - (b) The source of money to be used to establish and maintain the account.
 - (c) The method of controlling expenditures from the account.
 - (d) The maximum dollar amount of any single expenditure.
3. Payments made out of any such accounts in accordance with the establishing resolution may be made directly without approval of the governing body of any local government.
4. Reimbursement of any such petty cash, imprest or revolving accounts must be made no less often than monthly. The reimbursement must be supported by proper evidences of expenditures made from the account and must be approved by the governing body in the same manner as other claims against the fund to which the reimbursement is to be charged.

(Added to NRS by [1973, 1080](#); A [1975, 369](#); [1999, 1475](#))

NRS 354.6105 Fund for extraordinary maintenance, repair or improvement of capital projects.

1. A local government may establish a fund for the extraordinary maintenance, repair or improvement of capital projects.
2. Any interest and income earned on the money in the fund in excess of any amount which is reserved for rebate payments to the Federal Government pursuant to 26 U.S.C. § 148, as amended, or is otherwise required to be applied in a specific manner by the Internal Revenue Code of 1986, as amended, must be credited to the fund.
3. Except as otherwise provided in [NRS 374A.020](#), the money in the fund may be used only for the extraordinary maintenance, repair or improvement of capital projects or facilities that replace capital projects of the entity that made the deposits in the fund. The money in the fund at the end of the fiscal year may not revert to any other fund or be a surplus for any purpose other than the purpose specified in this subsection.
4. As used in this section, "extraordinary maintenance, repair or improvement" means all expenses ordinarily incurred not more than once every 5 years to maintain a local governmental facility or capital project in a fit operating condition.

(Added to NRS by [1995, 2552](#); A [1997, 56](#); [2001, 1807](#), [2323](#); [2003, 162](#))

NRS 354.6113 Fund for construction of capital projects.

1. The governing body of a local government may, by resolution, establish a fund for the construction of capital projects.
2. Any interest or income earned on money in the fund in excess of any amount which is reserved for rebate payments to the Federal Government pursuant to 26 U.S.C. § 148, as amended, or is otherwise required to be applied in a specific manner by the Internal Revenue Code of 1986, as amended, must be credited to the fund.
3. The money in the fund must be used only for the construction of capital projects which are included in the plan for capital improvement of the local government prepared pursuant to [NRS 350.013](#). The money in the fund at the end of the fiscal year may not revert to any other fund or be a surplus for any purpose other than the purpose specified in this subsection.
4. The annual budget and audit report of the local government prepared pursuant to [NRS 354.624](#) must specifically identify the fund and:
 - (a) Indicate in detail the capital projects that have been constructed with money from the fund;
 - (b) Specify the amount of money, if any, that will be deposited in the fund for the next fiscal year;
 - (c) Specify any proposed capital projects that will be constructed with money from the fund during the next fiscal year; and
 - (d) Identify any planned accumulation of the money in the fund.

↪ The audit report must include a statement by the auditor whether the local government has complied with the provisions of this subsection.

(Added to NRS by [1995, 2551](#))

NRS 354.6115 Fund to stabilize operation of local government and mitigate effects of natural disaster.

1. The governing body of a local government may, by resolution, establish a fund to stabilize the operation of the local government and mitigate the effects of natural disasters.
2. The money in the fund must be used only:
 - (a) If the total actual revenue of the local government falls short of the total anticipated revenue in the general fund for the fiscal year in which the local government uses that money; or
 - (b) To pay expenses incurred by the local government to mitigate the effects of a natural disaster.
- ↪ The money in the fund at the end of the fiscal year may not revert to any other fund or be a surplus for any purpose other than a purpose specified in this subsection.
3. The money in the fund may not be used to pay expenses incurred to mitigate the effects of a natural disaster until the governing body of the local government issues a formal declaration that a natural disaster exists. The governing body shall not make such a declaration unless a natural disaster is occurring or has occurred. Upon the issuance of such a declaration, the money in the fund may be used for the payment of the following expenses incurred by the local government as a result of the natural disaster:
 - (a) The repair or replacement of roads, streets, bridges, water control facilities, public buildings, public utilities, recreational facilities and parks owned by the local government and damaged by the natural disaster;
 - (b) Any emergency measures undertaken to save lives, protect public health and safety or protect property within the jurisdiction of the local government;

(c) The removal of debris from publicly or privately owned land and waterways within the jurisdiction of the local government that was undertaken because of the natural disaster;

(d) Expenses incurred by the local government for any overtime worked by an employee of the local government because of the natural disaster or any other extraordinary expenses incurred by the local government because of the natural disaster; and

(e) The payment of any grant match the local government must provide to obtain a grant from a federal agency for an eligible project to repair damage caused by the natural disaster within the jurisdiction of the local government.

4. The balance in the fund must not exceed 10 percent of the expenditures from the general fund for the previous fiscal year, excluding any federal funds expended by the local government.

5. The annual budget and audit report of the local government prepared pursuant to [NRS 354.624](#) must specifically identify the fund.

6. The audit report prepared for the fund must include a statement by the auditor whether the local government has complied with the provisions of this section.

7. Any transfer of money from a fund established pursuant to this section must be completed within 90 days after the end of the fiscal year in which the natural disaster for which the fund was established occurs.

8. As used in this section:

(a) "Grant match" has the meaning ascribed to it in [NRS 353.2725](#).

(b) "Natural disaster" means a fire, flood, earthquake, drought or any other occurrence that:

(1) Results in widespread or severe damage to property or injury to or the death of persons within the jurisdiction of the local government; and

(2) As determined by the governing body of the local government, requires immediate action to protect the health, safety and welfare of persons residing within the jurisdiction of the local government.

(Added to NRS by [1995, 2553](#); [A 1999, 1660](#); [2001, 1808](#); [2013, 3443](#))

NRS 354.6116 Revenue from taxes ad valorem from lessee or user of certain taxable property to be deposited in or transferred to certain funds. A local government, except a school district, that receives revenue from taxes ad valorem from a lessee or user of property which is taxable pursuant to [NRS 361.157](#) or [361.159](#) shall deposit the revenue in or transfer the revenue to one or more of the funds established by the local government pursuant to [NRS 354.6113](#) or [354.6115](#) and use that revenue only for the purposes authorized by those sections if the revenue was received in:

1. A fiscal year after the fiscal year the taxes were owed; or

2. The fiscal year the taxes are owed and the taxes were excluded from the estimate of revenue from the estimate of revenue from taxes ad valorem for the local government pursuant to [NRS 354.597](#).

(Added to NRS by [1997, 1113](#); [A 2001, 1809](#))

NRS 354.6117 Limitation on amount of money transferred to certain funds; exception.

1. Except as otherwise provided in subsection 2, the total amount of money which may be transferred in a fiscal year from the general fund of a local government to the funds established pursuant to [NRS 354.6113](#) and [354.6115](#) must not exceed 10 percent of the total amount of the budgeted expenditures of the general fund, plus any money transferred from the general fund, other than the money transferred to those funds, for that fiscal year.

2. Any money that a local government, pursuant to [NRS 354.6116](#), deposits in or transfers to one or more of the funds established by the local government pursuant to [NRS 354.6113](#) or [354.6115](#):

(a) Is not subject to the limitation on the amount of money that a local government may transfer to those funds pursuant to subsection 1.

(b) Must not be included in the determination of the total amount of money transferred to those funds for the purposes of the limitation set forth in subsection 1.

(Added to NRS by [1995, 2553](#); [A 1997, 1113](#); [2001, 1809](#))

NRS 354.6118 Interfund loans or loans to other local governments: Public hearing required. Before making an interfund loan or loaning money to another local government, the governing body of the local government that wishes to make the loan must:

1. Determine at a public hearing that:

(a) A sufficient amount of money is available for the loan and that money is not restricted as to its use; and

(b) The loan of the money will not compromise the economic viability of the fund from which the money is loaned; and

2. Establish at the public hearing conducted pursuant to subsection 1:

(a) The amount of time the money will be on loan from the fund;

(b) The terms and conditions for repaying the loan; and

(c) The rate of interest, if any, to be charged for the loan.

(Added to NRS by [2001, 1497](#); [A 2003, 52](#))

NRS 354.612 Establishment of one or more funds by resolution required; contents of resolution; accounting requirements; copy of resolution to be provided to Department of Taxation; proprietary funds; enterprise funds.

1. A local government shall establish by resolution one or more funds. The resolution establishing the fund must set forth in detail:

(a) The object or purpose of the fund;

(b) The resources to be used to establish the fund;

(c) The source or sources from which the fund will be replenished;

(d) The method for controlling expenses and establishing revenues of the fund; and

(e) The method by which a determination will be made as to whether the balance, reserve or retained earnings of the fund are reasonable and necessary to carry out the purpose of the fund.

2. Financial statements and other schedules required for funds must be prepared in accordance with generally accepted accounting principles.

3. Upon adoption of a resolution establishing a fund, a local government shall provide an executed copy of the resolution to the Department of Taxation.

4. In establishing a proprietary fund, a local government shall, besides furnishing working capital for the fund, provide that one of its financial objectives is to recover the complete costs of operation of the activity being financed, including overhead, without producing any significant amount of profit in the long run.

5. Each enterprise fund established must account for all charges properly related to the purpose of the enterprise fund, including, without limitation, debt service, capital outlay and operating expenses. Upon dissolution of the enterprise fund, no transfer of equity that may be made available to other funds or functions may be declared until after all proper obligations have been charged against the enterprise fund.

(Added to NRS by [1965, 734](#); [A 1971, 201](#); [1981, 1767](#); [1991, 390](#); [2001, 1810](#); [2005, 579](#))

NRS 354.613 Enterprise funds: Loan or transfer of money in or associated with fund; increase in amount of fee imposed for purpose of fund; compliance reports; remedy for violation; regulations; applicability; plan to eliminate certain transfers from fund.

1. Except as otherwise provided in this section, the governing body of a local government may, on or after July 1, 2011, loan or transfer money from an enterprise fund, money collected from fees imposed for the purpose for which an enterprise fund was created or any income or interest earned on money in an enterprise fund only if the loan or transfer is made:

(a) In accordance with a medium-term obligation issued by the recipient in compliance with the provisions of [chapter 350](#) of NRS, the loan or transfer is proposed to be made and the governing body approves the loan or transfer under a nonconsent item that is separately listed on the agenda for a regular meeting of the governing body, and:

(1) The money is repaid in full to the enterprise fund within 5 years; or

(2) If the recipient will be unable to repay the money in full to the enterprise fund within 5 years, the recipient notifies the Committee on Local Government Finance of:

(I) The total amount of the loan or transfer;

(II) The purpose of the loan or transfer;

(III) The date of the loan or transfer; and

(IV) The estimated date that the money will be repaid in full to the enterprise fund;

(b) To pay the expenses related to the purpose for which the enterprise fund was created;

(c) For a cost allocation for employees, equipment or other resources related to the purpose of the enterprise fund which is approved by the governing body under a nonconsent item that is separately listed on the agenda for a regular meeting of the governing body; or

(d) Upon the dissolution of the enterprise fund.

2. Except as otherwise provided in this section, the governing body of a local government may increase the amount of any fee imposed for the purpose for which an enterprise fund was created only if the governing body approves the increase under a nonconsent item that is separately listed on the agenda for a regular meeting of the governing body, and the governing body determines that:

(a) The increase is not prohibited by law;

(b) The increase is necessary for the continuation or expansion of the purpose for which the enterprise fund was created; and

(c) All fees that are deposited in the enterprise fund are used solely for the purposes for which the fees are collected.

3. Upon the adoption of an increase in any fee pursuant to subsection 2, the governing body shall, except as otherwise provided in this subsection, provide to the Department of Taxation an executed copy of the action increasing the fee. This requirement does not apply to the governing body of a federally regulated airport.

4. The provisions of subsection 2 do not limit the authority of the governing body of a local government to increase the amount of any fee imposed upon a public utility in compliance with the provisions of [NRS 354.59881](#) to [354.59889](#), inclusive, for a right-of-way over any public area if the public utility is billed separately for that fee. As used in this subsection, "public utility" has the meaning ascribed to it in [NRS 354.598817](#).

5. This section must not be construed to:

(a) Prohibit a local government from increasing a fee or using money in an enterprise fund to repay a loan lawfully made to the enterprise fund from another fund of the local government; or

(b) Prohibit or impose any substantive or procedural limitations on any increase of a fee that is necessary to meet the requirements of an instrument that authorizes any bonds or other debt obligations which are secured by or payable from, in whole or in part, money in the enterprise fund or the revenues of the enterprise for which the enterprise fund was created.

6. The Department of Taxation shall provide to the Committee on Local Government Finance a copy of each report submitted to the Department on or after July 1, 2011, by a county or city pursuant to [NRS 354.6015](#). The Committee shall:

(a) Review each report to determine whether the governing body of the local government is in compliance with the provisions of this section; and

(b) On or before January 15 of each odd-numbered year, submit a report of its findings to the Director of the Legislative Counsel Bureau for transmittal to the Legislature.

7. A fee increase imposed in violation of this section must not be invalidated on the basis of that violation. The sole remedy for a violation of this section is the penalty provided in [NRS 354.626](#). Any person who pays a fee for the enterprise for which the enterprise fund is created may file a complaint with the district attorney or Attorney General alleging a violation of this section for prosecution pursuant to [NRS 354.626](#).

8. For the purposes of paragraph (c) of subsection 1, the Committee on Local Government Finance shall adopt regulations setting forth the extent to which general, overhead, administrative and similar expenses of a local government of a type described in paragraph (c) of subsection 1 may be allocated to an enterprise fund. The regulations must require that:

(a) Each cost allocation makes an equitable distribution of all general, overhead, administrative and similar expenses of the local government among all activities of the local government, including the activities funded by the enterprise fund; and

(b) Only the enterprise fund's equitable share of those expenses may be treated as expenses of the enterprise fund and allocated to it pursuant to paragraph (c) of subsection 1.

9. Except as otherwise provided in subsections 10 and 11, if a local government has subsidized its general fund with money from an enterprise fund for the 5 fiscal years immediately preceding the fiscal year beginning on July 1, 2011, the provisions of subsection 1 do not apply to transfers from the enterprise fund to the general fund of the local government for the purpose of subsidizing the general fund if the local government:

(a) Does not increase the amount of the transfers to subsidize the general fund in any fiscal year beginning on or after July 1, 2011, above the amount transferred in the fiscal year ending on June 30, 2011, except for loans and transfers that comply with the provisions of subsection 1; and

(b) Does not, on or after July 1, 2011, increase any fees for any enterprise fund used to subsidize the general fund except for increases described in paragraph (b) of subsection 5.

10. On and after July 1, 2021, the provisions of subsection 1 apply to transfers from an enterprise fund described in subsection 9 to the general fund of a local government for the purpose of subsidizing the general fund unless:

(a) On or before July 1, 2018, the Committee on Local Government Finance has approved a plan adopted by the governing body of the local government to eliminate transfers from an enterprise fund to subsidize the general fund of the local government that are not made in compliance with subsection 1, which must include, without limitation, a plan to reduce, by at least 3.3 percent each fiscal year during the term of the plan, the amount of the transfers from the enterprise fund to the general fund of the local government for the purpose of subsidizing the general fund; and

(b) In accordance with the plan approved by the Committee on Local Government Finance pursuant to paragraph (a), for each fiscal year during the term of the plan, the local government reduces by at least 3.3 percent the amount of the transfers from the enterprise fund to the general fund of the local government for the purpose of subsidizing the general fund.

11. Each plan approved by the Committee on Local Government Finance pursuant to subsection 10 is subject to annual review by the Committee.

12. After the expiration of the term of a plan approved by the Committee on Local Government Finance pursuant to subsection 10, the provisions of subsection 1 apply to the local government that adopted the plan.

13. The provisions of this section do not apply to an enterprise fund created by the governing body of a local government for the purpose of providing telecommunication services pursuant to the provisions of NRS 710.010 to 710.159, inclusive.

(Added to NRS by 2011, 1686; A 2011, 1692; 2013, 2712; 2017, 1046, 1049; 2019, 1319)

NRS 354.616 Adjustment of expenses and revenues.

1. A local governing body may provide for the adjustment of expenses as defined by NRS 354.470 to 354.626, inclusive. Receipts from adjustment of expenses shall be credited to the governmental function to which the reimbursed expense was originally charged.

2. A local governing body may provide for the adjustment of revenues as defined by NRS 354.470 to 354.626, inclusive. Disbursements for adjustment of revenues shall be charged to the revenue account to which the refunded revenue was originally credited.

(Added to NRS by 1965, 735; A 1971, 1015, 1344)

NRS 354.620 Unencumbered balance of appropriation lapses at end of fiscal year; reversion to fund. Any unencumbered balance on an accrual or modified accrual basis or any unexpended balance on a cash basis remaining to the credit of any appropriation shall lapse at the end of the fiscal year and shall revert to the available balance of the fund from which appropriated.

(Added to NRS by 1965, 735; A 2001, 1810)

NRS 354.6215 Limitation on use of reserves or balances of funds created to insure risks. Except as otherwise provided in NRS 354.6241, if a local government provides a fund for self-insurance of property, for any form of insurance for the benefit of its employees, or for any other risk that it is permitted by law to assume, the reserves or balance of a fund thus provided must not be expended for any purpose other than that for which the fund was established, except that when the governing body deems the reserve or balance to be no longer required, either in whole or in part, it shall transfer the excess balance to the general fund of the local government. Any such transfer must be reported to the Department of Taxation within 30 days. Money so transferred is not available as a basis for augmentation of the local government's budget during the year of transfer.

(Added to NRS by 1981, 310; A 1995, 1934)

NRS 354.624 Annual audit: Requirements; designation of auditor; scope and disposition; dissemination; prohibited provision in contract with auditor.

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;
 - (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](#); and
 - (d) If the local government is subject to the provisions of [NRS 710.140](#) or [710.145](#), a report showing that the local government is in compliance with the provisions of those sections with regard to the facilities and property it maintains and the services it provides outside its territorial boundaries.
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 288.134](#); 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](#).
 - (d) If the local government is subject to the provisions of [NRS 710.140](#) or [710.145](#), a declaration indicating that the local government is in compliance with the provisions of those sections with regard to the facilities and property it maintains and the services it provides outside its territorial boundaries.
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. After the report of the audit is filed by the local government, 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.
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.
- (Added to NRS by [1965, 735](#); [A 1967, 939](#); [1969, 800](#); [1971, 1344](#); [1973, 184](#); [1975, 451](#), [1688](#), [1801](#); [1977, 547](#); [1981, 313](#), [1768](#); [1987, 1043](#); [1989, 620](#); [1995, 1896](#), [1935](#); [1997, 574](#), [1611](#), [1739](#); [1999, 472](#), [2945](#); [2001, 1810](#); [2003, 1231](#); [2005, 292](#), [1344](#))

NRS 354.6241 Contents of statement provided by local government to auditor; expenditure of excess reserves in certain funds; restrictions on use of budgeted ending fund balance in certain circumstances. [Effective through June 30, 2021.]

1. The statement required by paragraph (a) of subsection 5 of [NRS 354.624](#) must indicate for each fund set forth in that paragraph:
 - (a) Whether the fund is being used in accordance with the provisions of this chapter.
 - (b) Whether the fund is being administered in accordance with generally accepted accounting procedures.
 - (c) Whether the reserve in the fund is limited to an amount that is reasonable and necessary to carry out the purposes of the fund.
 - (d) The sources of revenues available for the fund during the fiscal year, including transfers from any other funds.
 - (e) The statutory and regulatory requirements applicable to the fund.
 - (f) The balance and retained earnings of the fund.

2. Except as otherwise provided in subsection 3 and [NRS 354.59891](#) and [354.613](#), to the extent that the reserve in any fund set forth in paragraph (a) of subsection 5 of [NRS 354.624](#) exceeds the amount that is reasonable and necessary to carry out the purposes for which the fund was created, the reserve may be expended by the local government pursuant to the provisions of [chapter 288](#) of NRS.

3. For any local government other than a school district, for the purposes of [chapter 288](#) of NRS, a budgeted ending fund balance of not more than 16.67 percent of the total budgeted expenditures, less capital outlay, for a general fund:

- (a) Is not subject to negotiations with an employee organization; and
 - (b) Must not be considered by a fact finder or arbitrator in determining the financial ability of the local government to pay compensation or monetary benefits.
- (Added to NRS by [1995, 1934](#); A [2001, 387, 1812](#); [2011, 1690](#); [2015, 2967](#); [2019, 3608](#))

NRS 354.6241 Contents of statement provided by local government to auditor; expenditure of excess reserves in certain funds; restrictions on use of budgeted ending fund balance in certain circumstances. [Effective July 1, 2021.]

1. The statement required by paragraph (a) of subsection 5 of [NRS 354.624](#) must indicate for each fund set forth in that paragraph:
 - (a) Whether the fund is being used in accordance with the provisions of this chapter.
 - (b) Whether the fund is being administered in accordance with generally accepted accounting procedures.
 - (c) Whether the reserve in the fund is limited to an amount that is reasonable and necessary to carry out the purposes of the fund.
 - (d) The sources of revenues available for the fund during the fiscal year, including transfers from any other funds.
 - (e) The statutory and regulatory requirements applicable to the fund.
 - (f) The balance and retained earnings of the fund.

2. Except as otherwise provided in subsections 3 and 4 and [NRS 354.59891](#) and [354.613](#), to the extent that the reserve in any fund set forth in paragraph (a) of subsection 5 of [NRS 354.624](#) exceeds the amount that is reasonable and necessary to carry out the purposes for which the fund was created, the reserve may be expended by the local government pursuant to the provisions of [chapter 288](#) of NRS.

3. For any local government other than a school district, for the purposes of [chapter 288](#) of NRS, a budgeted ending fund balance of not more than 16.67 percent of the total budgeted expenditures, less capital outlay, for a general fund:

- (a) Is not subject to negotiations with an employee organization; and
- (b) Must not be considered by a fact finder or arbitrator in determining the financial ability of the local government to pay compensation or monetary benefits.

4. For a school district, for the purposes of [chapter 288](#) of NRS, a budgeted ending fund balance of not more than 16.6 percent of the total budgeted expenditures for a county school district fund:

- (a) Is not subject to negotiations with an employee organization; and
 - (b) Must not be considered by a fact finder or arbitrator in determining the financial ability of the local government to pay compensation or monetary benefits.
- (Added to NRS by [1995, 1934](#); A [2001, 387, 1812](#); [2011, 1690](#); [2015, 2967](#); [2019, 3608, 4240](#), effective July 1, 2021)

NRS 354.6245 Review of annual audits by Department of Taxation; referral of accountant who issued noncompliant audit to Nevada State Board of Accountancy; plan of correction of violations.

1. The Department of Taxation shall review each annual audit to determine whether it complies with regulations adopted pursuant to [NRS 354.594](#). Any independent auditor's report, whether upon financial position and results of operations or upon internal financial controls, which the Department believes may not comply with those regulations must be referred by the Department to the Nevada State Board of Accountancy for investigation and such action in respect to the issuing accountant as the Board may find appropriate in the circumstances.

2. In its review of the annual audits submitted, the Department shall identify all violations of statute and regulation reported therein. Within 60 days after the delivery of the annual audit to the local government, the governing body shall advise the Department what action has been taken to prevent recurrence of each violation of law or regulation or to correct each continuing violation. The Department shall evaluate the local government's proposed plan of correction and, if the plan is satisfactory, shall so advise the governing body. If the plan is not satisfactory, the Department shall advise the governing body that it deems the plan inadequate and propose an alternative plan. Within 30 days thereafter the governing body shall report its assent to the Department's plan or request a hearing before the Nevada Tax Commission. This hearing must be held at the next meeting of the Commission, but the hearing must not be held more than 90 days after such a request is received. The determination of the Nevada Tax Commission is final.

3. If the governing body fails to submit a proposed plan of correction pursuant to subsection 2, or the Executive Director of the Department of Taxation determines that the plan established is not being complied with, he or she must, through the Office of the Attorney General, seek a writ from a court of competent jurisdiction to compel compliance.

(Added to NRS by [1981, 310](#); A [1983, 252](#))

NRS 354.625 Records relating to property and equipment; control of inventory. The governing body of every local government shall:

1. Cause to be established and maintained adequate property and equipment records and, where appropriate, adequate inventory controls. Any local government created after July 1, 1975, shall establish such records and controls within 1 year after its creation unless the Department of Taxation grants an extension of time.
2. Require that all such property, equipment and inventory records clearly indicate specific ownership.
3. Designate, by entry in the minutes of the governing body, the officer, employee or officers or employees responsible for the maintenance of property and equipment records and, where appropriate, inventory records, and notify the Department of Taxation of such designation.

(Added to NRS by [1967, 940](#); A [1975, 157, 1689](#))

NRS 354.6256 Use of proceeds of certain obligations to pay operating expenses prohibited; exceptions. The proceeds from any obligation issued by a local government that has a term which is more than 1 year must not be used to pay operating expenses, except that:

1. The proceeds of any obligation issued to construct or acquire a facility may be used to pay operating expenses for the period provided in subsection 7 of [NRS 350.516](#).
2. The proceeds of a medium-term obligation issued by a local government with respect to which the Nevada Tax Commission has determined that a severe financial emergency exists pursuant to [NRS 354.685](#) may be used to pay operating expenses with the approval of the Executive Director of the Department of Taxation.

(Added to NRS by [2001, 2318](#))

NRS 354.626 Unlawful expenditure of money in excess of amount appropriated; penalties; exceptions.

1. No governing body or member thereof, officer, office, department or agency may, during any fiscal year, expend or contract to expend any money or incur any liability, or enter into any contract which by its terms involves the expenditure of money, in excess of the amounts appropriated for that function, other than bond repayments, medium-term obligation repayments and any other long-term contract expressly authorized by law. Any officer or employee of a local government who willfully violates [NRS 354.470](#) to [354.626](#), inclusive, is guilty of a misdemeanor and upon conviction thereof ceases to hold his or her office or employment. Prosecution for any violation of this section may be conducted by the Attorney General or, in the case of incorporated cities, school districts or special districts, by the district attorney.

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

- (a) Purchase of coverage and professional services directly related to a program of insurance which require an audit at the end of the term thereof.
- (b) Long-term cooperative agreements as authorized by [chapter 277](#) of NRS.
- (c) Long-term contracts in connection with planning and zoning as authorized by [NRS 278.010](#) to [278.630](#), inclusive.
- (d) Long-term contracts for the purchase of utility service such as, but not limited to, heat, light, sewerage, power, water and telephone service.
- (e) Contracts between a local government and an employee covering professional services to be performed within 24 months following the date of such contract or contracts entered into between local government employers and employee organizations.
- (f) Contracts between a local government and any person for the construction or completion of public works, money for which has been or will be provided by the proceeds of a sale of bonds, medium-term obligations or an installment-purchase agreement and that are entered into by the local government after:
 - (1) Any election required for the approval of the bonds or installment-purchase agreement has been held;
 - (2) Any approvals by any other governmental entity required to be obtained before the bonds, medium-term obligations or installment-purchase agreement can be issued have been obtained; and
 - (3) The ordinance or resolution that specifies each of the terms of the bonds, medium-term obligations or installment-purchase agreement, except those terms that are set forth in subsection 2 of [NRS 350.165](#), has been adopted.

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

(g) Contracts which are entered into by a local government and delivered to any person solely for the purpose of acquiring supplies, services and equipment necessarily ordered in the current fiscal year for use in an ensuing fiscal year and which, under the method of accounting adopted by the local government, will be charged against an appropriation of a subsequent fiscal year. Purchase orders evidencing such contracts are public records available for inspection by any person on demand.

- (h) Long-term contracts for the furnishing of television or FM radio broadcast translator signals as authorized by [NRS 269.127](#).
- (i) The receipt and proper expenditure of money received pursuant to a grant awarded by an agency of the Federal Government.
- (j) The incurrence of obligations beyond the current fiscal year under a lease or contract for installment purchase which contains a provision that the obligation incurred thereby is extinguished by the failure of the governing body to appropriate money for the ensuing fiscal year for the payment of the amounts then due.
- (k) The receipt by a local government of increased revenue that:
 - (1) Was not anticipated in the preparation of the final budget of the local government; and
 - (2) Is required by statute to be remitted to another governmental entity.

(l) An agreement authorized pursuant to [NRS 277A.370](#).

(Added to NRS by [1965, 736](#); A [1969, 801](#); [1971, 1016, 1345](#); [1973, 68, 1155](#); [1975, 40, 279, 711](#); [1981, 1769](#); [1985, 648](#); [1987, 1720](#); [1995, 1908](#); [1997, 573](#); [1999, 833](#); [2001, 1812, 2324](#); [2003, 162, 802](#); [2005, 579](#); [2009, 432, 852](#); [2011, 1690, 2728](#); [2013, 2715](#))

DELINQUENT DOCUMENTS AND PAYMENTS; FISCAL WATCH; TECHNICAL FINANCIAL ASSISTANCE; SEVERE FINANCIAL EMERGENCY

NRS 354.655 Definitions. As used in [NRS 354.655](#) to [354.725](#), inclusive, unless the context requires otherwise:

1. "Basic function" means an activity of a local government for the purpose of accomplishing a primary service or function of the local government, including, without limitation, those services and functions relating to general governance, public safety, public works, public health, public welfare and judicial services or functions for which the local government is responsible.
2. "Commission" means the Nevada Tax Commission.

3. "Committee" means the Committee on Local Government Finance.
4. "Department" means the Department of Taxation.
5. "Executive Director" means the Executive Director of the Department.
6. "Fiscal watch" means the monitoring of a local government pursuant to a notice issued pursuant to subsection 1 of [NRS 354.675](#).
7. "Holder" includes, without limitation, any owner or other person described in [NRS 350.530](#), a trustee, guarantor, insurer and credit enhancer, and a bank that issues a letter of credit.
8. "Local government" means any local government subject to the provisions of the Local Government Budget and Finance Act.
9. "Technical financial assistance" means assistance provided by the Department to a local government, including, without limitation, assistance with developing budgets, reviewing contracts, analyzing cost allocations, debt management, feasibility analyses and revenue forecasting.
10. The words and terms defined in the Local Government Budget and Finance Act have the meanings ascribed to them in that act.
(Added to NRS by [1995, 141](#); [A 1995, 1901](#); [1999, 1032, 2538](#); [2001, 1814](#); [2005, 1392](#); [2015, 724](#))

NRS 354.657 Purpose; liberal construction.

1. The purpose of [NRS 354.655](#) to [354.725](#), inclusive, is to:
 - (a) Restore and maintain the financial solvency of any local government in financial distress;
 - (b) Provide basic functions for which a local government in financial distress is responsible; and
 - (c) Provide a tiered program of financial oversight and assistance by the State based on the existing financial conditions of a local government, including, without limitation, placing the local government on fiscal watch, providing technical financial assistance to the local government and assisting the local government if it is found to exist in a state of severe financial emergency.
2. To accomplish the purpose set forth in subsection 1, the provisions of [NRS 354.655](#) to [354.725](#), inclusive, must be broadly and liberally construed.
(Added to NRS by [2001, 1795](#); [A 2005, 1392](#); [2007, 2882](#); [2015, 725](#))

NRS 354.665 Delinquent documents: Notification; explanation to Committee on Local Government Finance; withholding of payments.

1. If a local government does not file a statement, report or other document as required by the provisions of [NRS 350.013](#), [354.5945](#), [354.6015](#), [354.6025](#), [354.624](#), [354.6245](#) or [387.303](#) within 15 days after the day on which it was due, the Executive Director shall notify the governing body of the local government in writing that the report is delinquent. The notification must be noted in the minutes of the first meeting of the governing body following transmittal of the notification.
2. If the required report is not received by the Department within 45 days after the day on which the report was due, the Executive Director shall notify the governing body that the presence of a representative of the governing body is required at the next practicable scheduled meeting of the Committee to explain the reason that the report has not been filed. The notice must be transmitted to the governing body not less than 5 days before the date on which the meeting will be held.
3. If an explanation satisfactory to the Committee is not provided at the meeting as requested in the notice and an arrangement is not made for the submission of the report, the Committee may instruct the Executive Director to request that the State Treasurer withhold from the local government the next distribution from the Local Government Tax Distribution Account, if the local government is otherwise entitled to receive such a distribution, the local school support tax if the local government is a school district or any other property taxes, taxes on the net proceeds of minerals or grants to which the local government may otherwise be entitled as a distribution from the State. Upon receipt of such a request, the State Treasurer shall withhold the payment and all future payments until the State Treasurer is notified by the Executive Director that the report has been received by the Department, except that the State Treasurer shall not withhold any payment necessary for the local government to make a timely payment that is due and owing to a holder.
(Added to NRS by [1995, 1891](#); [A 2001, 1421, 1814](#); [2003, 78](#); [2015, 725](#))

NRS 354.671 Delinquent payments to Public Employees' Benefits Program: Notification; explanation to Committee on Local Government Finance; withholding of payments.

1. Upon receipt of notification by the Board of the Public Employees' Benefits Program pursuant to [NRS 287.0434](#) that a local government is delinquent by more than 90 days on an amount due to the Public Employees' Benefits Program pursuant to paragraph (b) of subsection 4 of [NRS 287.023](#), the Executive Director shall notify the governing body that the presence of a representative of the governing body is required at the next practicable scheduled meeting of the Committee to explain the reason that the payment has not been made. The notice must be transmitted to the governing body at least 5 days before the date on which the meeting will be held.
2. If an explanation satisfactory to the Committee is not provided at the meeting as requested in the notice and an arrangement is not made for the submission of the payment, the Committee may instruct the Executive Director to request that the State Treasurer withhold from the local government an amount equal to the amount of the delinquent payment from the next distribution from the Local Government Tax Distribution Account, if the local government is otherwise entitled to receive such a distribution, the local school support tax if the local government is a school district or any other property taxes, taxes on the net proceeds of minerals or grants to which the local government may otherwise be entitled as a distribution from the State. Upon receipt of such a request, the State Treasurer shall withhold that amount from the payment or any future payment as necessary until the State Treasurer is notified by the Executive Director that the delinquent payment has been received by the Department, except that the State Treasurer shall not withhold any payment necessary for the local government to make a timely payment that is due and owing to a holder. The Department shall transmit the delinquent payment to the Public Employees' Benefits Program upon receipt.
(Added to NRS by [2007, 2882](#); [A 2015, 726](#))

NRS 354.675 Technical financial assistance from Department of Taxation: Request; notice and hearing; order; request by Department for assistance of Committee on Local Government Finance; allocation from Contingency Account.

1. If the Department determines that one or more of the conditions identified in paragraphs (a) to (aa), inclusive, of subsection 2 of [NRS 354.685](#) exist in a local government, and after giving consideration to the severity of each such condition, the Department shall provide written notice to the local government, the Commission and the Committee that the local government has been placed on fiscal watch by the Department. The Department shall not remove a local government from fiscal watch until the Executive Director determines that such conditions no longer exist or the Executive Director submits a recommendation to the Committee pursuant to subsection 2 of [NRS 354.685](#).

2. If a local government is placed on fiscal watch pursuant to subsection 1, the governing body of the local government may adopt a resolution requesting the Commission to order the Department, in consultation with the local government and the Committee, to provide appropriate technical financial assistance to the local government.

3. Upon receipt of a resolution adopted pursuant to subsection 2, the Nevada Tax Commission shall place the request for technical financial assistance on the agenda for the next practicable scheduled meeting of the Commission and notify the governing body of the local government of the time and place at which one or more representatives of the local government must appear to present the request.

4. After hearing the request for technical financial assistance and any recommendations of the Committee, if the Nevada Tax Commission finds that the local government is in need of technical financial assistance, the Commission shall order the Department to provide the assistance. The order must include such terms and conditions as the Commission deems appropriate and may include a schedule or rate of payment for the services of the Department.

5. If the governing body adopts a resolution accepting the terms and conditions established pursuant to subsection 4, the Department shall provide such technical financial assistance to the local government as the Department deems necessary and appropriate.

6. The Department may request from the Committee any assistance it deems appropriate to carry out the provisions of this section.

7. The Department shall continue to provide assistance to the local government pursuant to this section until the Nevada Tax Commission issues an order requiring the Department to cease providing the assistance. The Nevada Tax Commission may issue such an order upon its own motion, upon receipt of a request for such an order from the Department or the Committee, or upon receipt of a resolution adopted by the governing body requesting such an order.

8. If no payment for the services of the Department is required by the order or such payments are not sufficient to pay the costs of providing the technical financial assistance required pursuant to this section, the Department may request an allocation by the Interim Finance Committee from the Contingency Account pursuant to [NRS 353.266](#), [353.268](#) and [353.269](#) to pay the costs of providing the technical financial assistance required pursuant to this section.

(Added to NRS by [1995, 1895](#); [A 2015, 726](#))

NRS 354.685 Severe financial emergency: Conditions; notification of local government by Department of Taxation; plan of corrective action; review of plan by Committee on Local Government Finance; order of Nevada Tax Commission requiring Department to take over management of local government.

1. The Committee may, upon the recommendation of the Executive Director pursuant to subsection 2 or at the request of a local government pursuant to subsection 3, conduct one or more hearings to determine whether a severe financial emergency exists in a local government.

2. The Executive Director may, after giving consideration to the severity of each condition identified in paragraphs (a) to (aa), inclusive, which is found to exist in a local government, recommend that the Committee conduct one or more hearings to determine whether a severe financial emergency exists in a local government if the Department finds that one or more of the following conditions exist in the local government:

- (a) Required financial reports have not been filed or are consistently late.
- (b) The audit report reflects the unlawful expenditure of money in excess of the amount appropriated in violation of the provisions of [NRS 354.626](#).
- (c) The audit report shows funds with deficit fund balances.
- (d) The local government has incurred debt beyond its ability to repay.
- (e) The local government has not corrected violations of statutes or regulations adopted pursuant thereto as noted in the audit report.
- (f) The local government has serious internal control problems noted in the audit report which have not been corrected.
- (g) The local government has a record of being late in its payments for services and supplies.
- (h) The local government has had insufficient cash to meet required payroll payments in a timely manner.
- (i) The local government has borrowed money or entered into long-term lease arrangements without following the provisions of NRS or regulations adopted pursuant thereto.
- (j) The governing body of the local government has failed to correct problems after it has been notified of such problems by the Department.
- (k) The local government has not separately accounted for its individual funds as required by [chapter 354](#) of NRS.
- (l) The local government has invested its money in financial instruments in violation of the provisions of [chapter 355](#) of NRS.
- (m) The local government is in violation of any covenant in connection with any debt issued by the local government.
- (n) The local government has not made bond and lease payments in accordance with the approved payment schedule.
- (o) The local government has failed to control its assets such that large defalcations have occurred which have impaired the financial condition of the local government.
- (p) The local government has recognized sizeable losses as a result of the imprudent investment of money.
- (q) The local government has allowed its accounting system and recording of transactions to deteriorate to such an extent that it is not possible to measure accurately the results of operations or to ascertain the financial position of the local government without a reconstruction of transactions.
- (r) The local government has consistently issued checks not covered by adequate deposits.
- (s) The local government has loaned and borrowed money between funds without following the proper procedures.
- (t) The local government has expended money in violation of the provisions governing the expenditure of that money.
- (u) Money restricted for any specific use has been expended in violation of the terms and provisions relating to the receipt and expenditure of that money.
- (v) Money has been withheld in accordance with the provisions of [NRS 354.665](#).
- (w) If the local government is a school district, a loan has been made from the State Permanent School Fund to the school district pursuant to [NRS 387.526](#).
- (x) An employer in the county that accounts for more than 15 percent of the employment in the county has closed or significantly reduced operations.
- (y) The local government has experienced a cumulative decline of 10 percent in population or assessed valuation for the past 2 years.

(z) The ending balance in the general fund of the local government has declined for the past 2 years or is less than 4 percent of the actual expenditures from the general fund of the local government for the immediately preceding fiscal year.

(aa) The local government has failed to pay, in a timely manner, contributions to the Public Employees' Retirement System, workers' compensation or payroll taxes or fails to pay, at any time, a payment required pursuant to the Federal Insurance Contributions Act, 26 U.S.C. §§ 3101 et seq., or the Federal Unemployment Tax Act, 26 U.S.C. §§ 3301 et seq.

3. If the governing body of a local government determines by the affirmative vote of a majority of its members that, because the local government is involved in litigation or threatened litigation, a severe financial emergency will exist in the local government, the governing body may submit a request to the Committee to conduct a hearing to determine whether a severe financial emergency exists in the local government.

4. If the Committee conducts a hearing pursuant to subsection 2 or 3 and determines that a severe financial emergency exists, the Department, on behalf of the Committee, shall:

(a) Notify the local government about the determination;

(b) Request from the local government any information that the Department deems to be appropriate to determine the extent of the condition; and

(c) Require the local government to formulate a plan of corrective action to mitigate the possible financial emergency.

5. Not later than 45 days after receiving notification pursuant to subsection 4, a local government shall submit to the Committee any information requested by the Department and a plan of corrective action.

6. If the Committee determines that a severe financial emergency exists pursuant to subsection 4, the Committee shall:

(a) Review the plan of corrective action submitted by a local government pursuant to subsection 5;

(b) Provide observations and recommendations for the local government; and

(c) If the Committee deems necessary, periodically review the status of and conduct additional hearings to review the financial operations of the local government.

7. In addition to any notice otherwise required, the Department shall give notice of any hearing held pursuant to this section to the governing body of each local government whose jurisdiction overlaps with, or in the case of a city, whose jurisdiction is contiguous to, the jurisdiction of the local government whose financial condition will be considered at least 10 days before the date on which the hearing will be held.

8. If the Committee, following a hearing conducted pursuant to this section, determines that a severe financial emergency exists in a local government, the Committee shall, as soon as practicable, provide notice of its findings, including any recommendations of the Committee, to the Commission.

9. The Commission shall, upon receiving a notice and any recommendations from the Committee pursuant to subsection 8, hold a hearing at which the Department and the Committee must recommend a course of action to mitigate the financial conditions that are the cause of the severe financial emergency which exists in the local government. The Commission shall afford the local government whose financial condition will be considered and each local government whose jurisdiction overlaps with, or in the case of a city, whose jurisdiction is contiguous to, the jurisdiction of the local government whose financial condition will be considered an opportunity to be heard. If, after the hearing, the Nevada Tax Commission determines that a severe financial emergency exists, the Commission shall issue an order requiring the local government to follow a remedial course of action and requiring the Department to take over the management of the local government as soon as practicable.

(Added to NRS by 1995, 1892; A 1997, 2711; 1999, 599; 2001, 1814; 2015, 727)

NRS 354.695 Severe financial emergency: Powers and duties of Department of Taxation; reimbursement for expenses; allocation from Contingency Account; recommendations by local government; cooperation of state agencies; delegation of powers and duties to financial manager; method for termination of management.

1. As soon as practicable after taking over the management of a local government, the Department shall, with the approval of the Committee:

(a) Establish and implement a management policy and a financing plan for the local government;

(b) Provide for the appointment of a financial manager for the local government who is qualified to manage the fiscal affairs of the local government;

(c) Provide for the appointment of any other persons necessary to enable the local government to provide the basic services for which it was created in the most economical and efficient manner possible;

(d) Establish an accounting system and separate accounts in a bank or credit union, if necessary, to receive and expend all money and assets of the local government;

(e) Impose such hiring restrictions as deemed necessary;

(f) Negotiate and approve all contracts entered into by or on behalf of the local government before execution and enter into such contracts on behalf of the local government as the Department deems necessary;

(g) Negotiate and approve all collective bargaining contracts and other employment contracts to be entered into by the local government with an employee organization or any employee, except that the Department shall not negotiate or approve issues submitted to a fact finder whose findings and recommendations are final and binding pursuant to the provisions of the Government Employee-Management Relations Act;

(h) If the Committee made a recommendation to the Commission that a severe financial emergency exists in the local government based upon the existence of one or more conditions described in paragraph (c), (d), (g), (h), (n), (o), (p), (r) or (aa) of subsection 2 of NRS 354.685:

(1) Open and renegotiate in good faith, or assist the local government in renegotiating, any existing collective bargaining agreement or other employment contract relating to compensation or monetary benefits during the period of severe financial emergency; and

(2) Assume all rights, duties and powers pursuant to NRS 288.150 that are otherwise reserved to the local government during a period of severe financial emergency;

(i) Approve all expenditures of money from any fund or account and all transfers of money from one fund to another;

(j) Employ such technicians as are necessary for the improvement of the financial condition of the local government;

(k) Meet with any holders and the creditors of the local government to negotiate in good faith and formulate a debt liquidation program that may include, without limitation, the adjustment of bonded indebtedness by the exchange of existing bonds for new bonds with a later maturity date and a different interest rate;

- (l) If the Department has taken over the management of a local government because the local government is involved in litigation or threatened litigation, carry out the duties of the Department pursuant to subsection 2 of [NRS 31.010](#);
- (m) Approve the issuance of bonds or other forms of indebtedness by the local government;
- (n) Discharge any of the outstanding debts and obligations of the local government; and
- (o) Take any other actions necessary to ensure that the local government provides the basic functions for which it was created in the most economical and efficient manner possible.
2. The Department may provide for reimbursement from the local government for the expenses the Department incurs in managing the local government. If such reimbursement is not possible, the Department may request an allocation by the Interim Finance Committee from the Contingency Account pursuant to [NRS 353.266](#), [353.268](#) and [353.269](#).
3. The governing body of a local government which is being managed by the Department pursuant to this section may make recommendations to the Department or the financial manager concerning the management of the local government.
4. Each state agency, board, department, commission, committee or other entity of the State shall provide such technical financial assistance concerning the management of the local government as is requested by the Department.
5. The Department may delegate any of the powers and duties imposed by this section to the financial manager appointed pursuant to paragraph (b) of subsection 1. A financial manager acting within the scope of his or her delegation pursuant to this subsection is responsible only to the Department for his or her actions.
6. Except as otherwise provided in [NRS 354.723](#) and [450.760](#), once the Department has taken over the management of a local government pursuant to the provisions of subsection 1, that management may only be terminated pursuant to [NRS 354.725](#).
- (Added to NRS by [1995, 141](#); [A 1995, 1901](#); [1999, 88, 1476, 2538](#); [2001, 91, 1816](#); [2005, 1393](#); [2015, 730](#))

NRS 354.705 Severe financial emergency: Preparation of plan of revenue enhancement and expense mitigation by Executive Director; review and potential revision of plan regarding additional taxes or charges; hearing on plan by panel; adoption of plan; imposition and duration of additional taxes or charges; report of failure to satisfy expenses of local government; periodic report to Legislature regarding financial condition of local government.

1. As soon as practicable after the Department takes over the management of a local government, the Executive Director shall prepare a plan of revenue enhancement and expense mitigation, for consideration by the Committee, that will lead to sustainable financial stability for the local government. In preparing the plan, the Executive Director shall:
- (a) Determine the total amount of expenditures necessary to allow the local government to perform the basic functions for which it was created, with priority given to public safety and the maintenance of roads and highways;
- (b) Determine the amount of revenue reasonably expected to be available to the local government; and
- (c) Consider any alternative sources of revenue available to the local government.
2. The Executive Director shall submit the plan prepared pursuant to subsection 1 to the Committee. If the Committee determines that the available revenue of the local government is not sufficient to provide for the payment of required debt service and operating expenses pursuant to the plan, the Committee shall submit a revised plan to the Commission as to which one or more of the following additional taxes or charges should be imposed by the local government:
- (a) The levy of a property tax up to a rate which when combined with all other overlapping rates levied in the State does not exceed \$4.50 on each \$100 of assessed valuation.
- (b) An additional tax on transient lodging at a rate not to exceed 1 percent of the gross receipts from the rental of transient lodging within the boundaries of the local government upon all persons in the business of providing lodging. Any such tax must be collected and administered in the same manner as all other taxes on transient lodging are collected by or for the local government.
- (c) Additional service charges appropriate to the local government.
- (d) If the local government is a county or has boundaries that are conterminous with the boundaries of the county:
- (1) An additional tax on the gross receipts from the sale or use of tangible personal property not to exceed one-quarter of 1 percent throughout the county. The ordinance imposing any such tax must:
- (I) Include provisions in substance which comply with the requirements of subsections 2 to 5, inclusive, of [NRS 377A.030](#). The ordinance shall be deemed to require the remittance of the tax to the Department and the distribution of the tax to the local government in the same manner as that provided in [NRS 377A.050](#).
- (II) Specify the date on which the tax must first be imposed or on which a change in the rate of the tax becomes effective, which must be the first day of the first calendar quarter that begins at least 120 days after the effective date of the ordinance.
- (2) An additional governmental services tax of not more than 1 cent on each \$1 of valuation of the vehicle for the privilege of operating upon the public streets, roads and highways of the county on each vehicle based in the county except those vehicles exempt from the governmental services tax imposed pursuant to [chapter 371](#) of NRS or a vehicle subject to [NRS 706.011](#) to [706.861](#), inclusive, which is engaged in interstate or intercounty operations. As used in this subparagraph, "based" has the meaning ascribed to it in [NRS 482.011](#).
3. Upon receipt of the plan from the Committee, a panel consisting of three members of the Nevada Tax Commission appointed by the Nevada Tax Commission and three members of the Committee appointed by the Committee shall hold a public hearing at a location within the boundaries of the local government in which the severe financial emergency exists after giving public notice of the hearing at least 10 days before the date on which the hearing will be held. In addition to the public notice, the panel shall give notice to the governing body of each local government whose jurisdiction overlaps with, or in the case of a city, whose jurisdiction is contiguous to, the jurisdiction of the local government in which the severe financial emergency exists.
4. After the public hearing conducted pursuant to subsection 3, the Nevada Tax Commission may adopt the plan as submitted or adopt a revised plan. If the Commission adopts a revised plan, the revised plan must be approved by the members of the Committee serving on the panel described in subsection 3. Any plan adopted pursuant to this section must include the duration for which any new or increased taxes or charges may be collected which must not exceed 5 years.

5. Upon adoption of the plan by the Nevada Tax Commission, the local government in which the severe financial emergency exists shall impose or cause to be imposed the additional taxes and charges included in the plan for the duration stated in the plan or until the severe financial emergency has been determined by the Committee to have ceased to exist. Any levy of additional property tax applies to all taxpayers, regardless of whether the taxes previously imposed have been partially or fully paid pursuant to [NRS 361.483](#).
 6. The allowed revenue from taxes ad valorem determined pursuant to [NRS 354.59811](#) does not apply to any additional property tax levied pursuant to this section.
 7. If a plan fails to satisfy the expenses of the local government to the extent expected, the Committee shall report such failure to:
 - (a) The county for consideration of absorption of services; or
 - (b) If the local government is a county, to the next regular session of the Legislature.
 8. For any local government that is found to exist in a severe financial emergency, the Department shall:
 - (a) Prepare a report regarding the financial condition of the local government not less frequently than once every 6 months until the severe financial emergency ceases; and
 - (b) Not later than 10 days after preparing a report pursuant to paragraph (a), submit the report to the Director of the Legislative Counsel Bureau for transmittal to the Legislature, if the Legislature is in session, or to the Legislative Commission, if the Legislature is not in session.
- (Added to NRS by [1995, 1893](#); A [2001, 304, 1817, 2325](#); [2003, 78, 2386](#); [2005, 1778](#); [2009, 2094](#); [2015, 732](#))

NRS 354.715 Severe financial emergency: Enforcement of compliance by local government with certain requests of Department of Taxation; penalties for willful failure to comply with requests.

1. If a local government or any officer or employee of the local government fails to comply with any request made by the Department pursuant to [NRS 354.695](#), the Department may apply to the district court to compel compliance.
 2. In any proceeding brought pursuant to subsection 1, the Department may seek a declaration by the district court that the failure to comply with the request of the Department was willful. A willful failure to comply by any:
 - (a) Officer of the local government works a forfeiture of his or her office.
 - (b) Employee of the local government is grounds for dismissal from his or her employment.
 3. Any officer or employee of the local government who willfully fails to comply with any request made by the Department pursuant to [NRS 354.695](#) is guilty of a gross misdemeanor.
- (Added to NRS by [1995, 143](#); A [2015, 734](#))

NRS 354.721 Severe financial emergency: Creation of Severe Financial Emergency Fund; investment and use of money in Fund; requirements relating to loans from Fund.

1. The Severe Financial Emergency Fund is hereby created in the State Treasury as a revolving fund. The Executive Director shall administer the Fund.
 2. The money in the Fund must be invested as other state funds are invested. Any interest and income earned on the money in the Fund must, after deducting any applicable charges, be credited to the Fund.
 3. Money in the Severe Financial Emergency Fund may be:
 - (a) Distributed by the Executive Director as a loan to a local government for the purpose of paying the operating expenses and general obligations of the local government until the local government receives revenues if:
 - (1) The Department takes over the management of a local government pursuant to [NRS 354.685](#) to [354.725](#), inclusive;
 - (2) The Executive Director determines that a loan from the Severe Financial Emergency Fund is necessary to pay the operating expenses and general obligations of the local government; and
 - (3) The local government adopts a resolution in which the local government agrees to:
 - (I) Use the money only for the purpose of paying the operating expenses and general obligations of the local government until the local government receives revenues; and
 - (II) Repay the entire amount of the loan, without any interest, to the Severe Financial Emergency Fund as soon as practicable, but not later than 24 months after the date on which the resolution is adopted.
 - (b) Used for any other purpose authorized by the Legislature.
 4. A loan approved by the Executive Director must be repaid as soon as practicable by the local government, but the duration of the loan must not exceed 24 months after the date on which the loan was made. The Executive Director shall not charge interest on a loan made pursuant to this section.
 5. The Executive Director shall report to the Committee on Local Government Finance and to the Nevada Tax Commission as soon as practicable after the date that the loan is approved concerning:
 - (a) The status of the loan;
 - (b) The purposes for which the local government will use the money from the loan; and
 - (c) The resources that the local government will use to repay the loan.
- (Added to NRS by [1999, 1031](#); A [2010, 26th Special Session, 11](#); [2015, 734](#))

NRS 354.723 Severe financial emergency: Procedure for disincorporation or dissolution of local government in certain circumstances; requirement for local government to take remedial action in certain circumstances.

1. If the Executive Director determines that a severe financial emergency which exists in a local government under management by the Department is unlikely to cease to exist within 3 years, the Executive Director shall determine:
 - (a) The amount any tax or mandatory assessment levied by the local government must be raised to ensure a balanced budget for the local government; and

(b) The manner in which the services provided by the local government must be limited to ensure a balanced budget for the local government, and submit his or her findings to the Committee.

2. The Committee shall review the findings submitted by the Executive Director pursuant to subsection 1. If the Committee determines that the severe financial emergency which exists in the local government is unlikely to cease to exist within 3 years and that the findings made by the Executive Director are appropriate, the Committee shall submit its recommendation and findings to the Nevada Tax Commission. If the Committee determines that the financial emergency is likely to cease to exist within 3 years, that decision is not subject to review by the Nevada Tax Commission.

3. The Nevada Tax Commission shall schedule a public hearing not later than 30 days after the Committee submits its recommendation and findings. The Nevada Tax Commission shall provide public notice of the hearing at least 10 days before the date on which the hearing will be held. The Executive Director shall provide copies of all documents relevant to the recommendation and findings of the Committee to the governing body of the local government existing in a severe financial emergency.

4. If, after the public hearing, the Nevada Tax Commission adopts the recommendation and findings of the Committee, the Commission may:

(a) Require the submission of a question to the electors of the local government at the next primary or general municipal election or primary or general state election, as applicable, asking whether the local government should be disincorporated or dissolved; or

(b) Require the local government to take any other remedial action in accordance with the recommendation and findings of the Committee.

5. If the electors of the local government do not approve the disincorporation or dissolution of the local government:

(a) The maximum ad valorem tax levied within the local government, if any, must be raised to \$5 on each \$100 of assessed valuation;

(b) Any other taxes or mandatory assessments levied in the local government, notwithstanding any limitation on those taxes or assessments provided by statute, must be raised in an amount the Nevada Tax Commission determines is necessary to ensure a balanced budget for the local government; and

(c) The services provided by the local government must be limited in a manner the Nevada Tax Commission determines is necessary to ensure a balanced budget for the local government.

6. If the electors of the local government approve the disincorporation or dissolution of a local government that is:

(a) Created by another local government, it must be disincorporated or dissolved:

(1) Pursuant to the applicable provisions of law; or

(2) If there are no specific provisions of law providing for the disincorporation or dissolution of the local government, by the entity that created the local government. If, at the time of the disincorporation or dissolution of the local government pursuant to this paragraph, there are any outstanding loans or bonded indebtedness of the local government, including, without limitation, loans made to the local government by the county in which the local government is located, the taxes for the payment of the bonds or other indebtedness must continue to be levied and collected in the same manner as if the local government had not been disincorporated or dissolved until all outstanding indebtedness is repaid, but for all other purposes the local government shall be deemed disincorporated or dissolved at the time that the entity which created the local government disincorporates or dissolves the local government. Any other liabilities and any remaining assets shall revert to the entity that created the local government which is being disincorporated or dissolved.

(b) Created by a special or local act of the Legislature, it may only be disincorporated or dissolved by the Legislature. The Executive Director shall submit notification of the vote approving the disincorporation or dissolution of the local government to the Director of the Legislative Counsel Bureau for transmittal to the Legislature. At the first opportunity, the Legislature shall consider the question of whether the special or local act will be repealed.

(c) Created in any other manner, it must be disincorporated or dissolved:

(1) Pursuant to the applicable provisions of law; or

(2) If there are no specific provisions of law providing for the disincorporation or dissolution of the local government, by the governing body of that local government. If, at the time of the disincorporation or dissolution of the local government pursuant to this paragraph, there are any outstanding loans or bonded indebtedness of the local government, including, without limitation, loans made to the local government by the county or counties in which the local government is located, the taxes for the payment of the bonds or other indebtedness must continue to be levied and collected in the same manner as if the local government had not been disincorporated or dissolved until all outstanding indebtedness is repaid, but for all other purposes the local government shall be deemed disincorporated or dissolved at the time that the governing body of the local government disincorporates or dissolves the local government. Except as otherwise provided in this subparagraph, any other liabilities and any remaining assets of the local government shall revert to the board of county commissioners of the county in which the local government is located. If the local government is located in more than one county, the governing body of the local government shall apportion the remaining liabilities and assets among the boards of county commissioners of the counties in which the local government is located.

7. Not later than 10 days after the Nevada Tax Commission requires the submission of a question to the electors to disincorporate or dissolve a local government pursuant to subsection 4, the Executive Director shall notify:

(a) The city clerk, if the local government is a city; or

(b) The county clerk in all other cases,

and provide the clerk with the amount any tax or mandatory assessment levied by the local government must be raised and a description of the manner in which the services provided by the local government must be limited to ensure a balanced budget for the local government.

8. After the Executive Director notifies the city clerk or the county clerk, as applicable, pursuant to subsection 7, the clerk shall cause to be published in a newspaper of general circulation that is printed in the local government a notice of the election once in each calendar week for 2 successive calendar weeks by two weekly insertions a week apart, the first publication to be not more than 30 days nor less than 22 days next preceding the date of the election. If no newspaper is printed in the local government, publication of the notice of election must be made in a newspaper printed in this State and having a general circulation in the local government.

9. The notice required pursuant to subsection 8 must contain the following information:

(a) That the Nevada Tax Commission has determined that the severe financial emergency which exists in the local government is unlikely to cease to exist within 3 years;

(b) That the question of whether the local government should be disincorporated or dissolved will be submitted to the electors of the local government at the next primary or general municipal election or the next primary or general state election, as applicable; and

(c) That if the electors do not approve the disincorporation or dissolution:

(1) The maximum ad valorem tax levied within the local government, if any, will be raised to \$5 on each \$100 of assessed valuation;

(2) Any taxes or mandatory assessment levied in the local government will be raised to ensure a balanced budget for the local government and the amount by which those taxes or mandatory assessments will be raised; and

(3) The services the local government provides will be limited to ensure a balanced budget for the local government and the manner in which those services will be limited.

10. If any provisions providing generally for the disincorporation or dissolution of the local government require that the question of disincorporating or dissolving be published or submitted to a vote of the electors of the local government, the publication required by subsection 3 and the election required by subsection 4 satisfy those requirements. If:

(a) There is any other conflict between the provisions of this section and any provisions providing generally for the disincorporation or dissolution of a local government; or

(b) The provisions providing generally for the disincorporation or dissolution of a local government provide additional rights to protest the disincorporation or dissolution of a local government not provided by this section,

the provisions of this section control a disincorporation or dissolution pursuant to this section and any person wishing to protest such a disincorporation or dissolution must proceed in accordance with the provisions of this section.

11. As used in this section, "local government" does not include a county, a school district or any agency or department of a county or city which prepares a budget separate from that of the parent political subdivision.

(Added to NRS by [1999, 2534](#); A [2015, 735](#))

NRS 354.7235 Severe financial emergency: Management of Department of Taxation ceases at time of disincorporation or dissolution. The management of the Department ceases at the time of the disincorporation or dissolution of a local government pursuant to [NRS 354.723](#).

(Added to NRS by [1999, 2537](#))

NRS 354.725 Severe financial emergency: Termination or modification of management of local government on motion of Nevada Tax Commission or at request of local government or Committee on Local Government Finance.

1. The Nevada Tax Commission may, on its own motion or at the request of a local government or the Committee, terminate the management of a local government by the Department at any time upon a finding that the severe financial emergency has ceased to exist.

2. The governing body of a local government which has complied with all requests made by the Department pursuant to [NRS 354.695](#) may petition the Nevada Tax Commission for termination or modification of the management of the local government by the Department or of any request made by the Department pursuant to [NRS 354.695](#).

3. The Commission shall not terminate or modify the management of a local government pursuant to subsection 1 or 2 without first obtaining a recommendation from the Committee as to the termination or modification.

4. The Nevada Tax Commission shall provide notice, a hearing and a written decision on each such petition.

5. In determining whether a condition of severe financial emergency should be terminated, the Nevada Tax Commission shall give consideration to the following:

(a) The local governing body has shown a desire and capability to manage the financial affairs of the local government in accordance with the provisions of NRS.

(b) The local government has staff available with sufficient financial expertise that they can adequately control the finances of the local government.

(c) All violations of statutes have been corrected.

(d) The local government has no funds with deficit fund balances.

(e) The local government has increased its revenues or made appropriate expenditure reductions so that it is anticipated that it can operate for the next fiscal year in a positive cash and fund balance position without imposing any increased or additional tax pursuant to [NRS 354.705](#).

(f) The governing body has expressed a determination through a resolution submitted to the Department of Taxation to manage the affairs of the local government in accordance with the provisions of NRS relating to financial matters and utilizing sound accounting and financial management practices.

6. The Nevada Tax Commission may require the governing body to submit special reports to the Department for a period not to exceed 5 years as a condition of terminating the management of the local government by the Department.

7. When a petition relating to a specific request is denied, the governing body may not resubmit a petition to terminate or modify that request until 3 months following the date of denial.

(Added to NRS by [1995, 143](#); A [1995, 1902](#); [2015, 738](#))

ALTERNATIVE METHODS OF FINANCING BY LOCAL GOVERNMENTS

NRS 354.740 Use of lease-purchase and installment-purchase agreements: Legislative findings and declaration. The Legislature hereby finds and declares that:

1. The authority provided by other specific statutes for the government of this State and the political subdivisions of this State to use lease-purchase and installment-purchase agreements provides an important and valuable option for these governmental entities and, when this authority is used properly, provides great benefit to the residents of this State.

2. The statutory provisions governing the use of lease-purchase and installment-purchase agreements should be interpreted to allow the process of entering into and carrying out these agreements to be as streamlined and efficient as possible.

3. The government of this State and the political subdivisions of this State should not use lease-purchase and installment-purchase agreements to:

(a) Engage in or allow bid-shopping; or

(b) Avoid or circumvent any requirement regarding the payment of prevailing wages for public works.

4. When using lease-purchase and installment-purchase agreements, the government of this State and the political subdivisions of this State should provide for the preferential hiring of Nevada residents to the extent otherwise required by law.

5. If a lease-purchase or installment-purchase agreement pursuant to this section involves the construction, alteration, repair or remodeling of an improvement:

(a) The person or entity that executes one or more contracts or agreements for the actual construction, alteration, repair or remodeling of the improvement shall include in such a contract or agreement the contractual provisions and stipulations that are required to be included in a contract for a public work pursuant to the provisions of [NRS 338.013](#) to [338.090](#), inclusive.

(b) The government of this State or a political subdivision of this State, the contractor who is awarded the contract or entered into the agreement to perform the construction, alteration, repair or remodeling of the improvement and any subcontractor on the project shall comply with the provisions of [NRS 338.013](#) to [338.090](#), inclusive, in the same manner as if the government of this State or a political subdivision of this State had undertaken the project or had awarded the contract.

(Added to NRS by [2007, 831](#); A [2009, 2072](#); [2015, 30, 2654](#))

NRS 354.750 Alternative method for local government to borrow money or purchase or lease property.

1. A local government may borrow money or purchase or lease property or facilities from a nonprofit corporation or trustee in conjunction with one or more other local governments, and in connection therewith may sell or lease property or facilities to the nonprofit corporation or trustee, in each case with such maturity, term, payment, security, pledge, default, remedy, prepayment, redemption, interest rate and other terms or provisions as may be specified in the loan, loan purchase, installment sale, lease or other agreement or note entered into by the local government for that purpose if:

(a) Each participating local government determines that it will benefit from economies of scale in borrowing money or purchasing or leasing property in conjunction with one or more other local governments pursuant to this section; and

(b) In the case of borrowing to finance operations and other noncapital purposes, the amount borrowed and the interest payable thereon, at the initial interest rate if interest is variable, does not exceed 85 percent of the estimated amount of uncollected taxes, income, revenue, cash receipts and other money of the local government which will be available during the term of the agreement for the repayment of the loan and the interest thereon. As used in this paragraph, "revenue" includes, without limitation, federal and state money received by the local government.

2. A local government may enter into an agreement for liquidity or credit enhancement, with such reimbursement, term, payment, security, pledge, default, remedy, interest rate and other terms, and may invest the proceeds of any borrowing, sale or lease under this section or any certificates of participation therein and any money pledged or set aside for the payment or security thereof in such securities or obligations, as the local government deems necessary or appropriate in connection with any borrowing, sale or lease pursuant to this section. A local government may also do all things and execute all documents that may be necessary or desirable in connection with the issuance of certificates of participation, or other interests, in any loan, note, installment sale, lease or other agreement of the local government entered into pursuant to this section or otherwise necessary to effectuate the purposes of this section, and may authorize a nonprofit corporation or trustee to act as its agent for purposes of entering into any trust, liquidity, credit, investment or other agreement in connection with financing pursuant to this section.

3. This section provides a complete, additional and alternative method for accomplishing the acts authorized by this section and must be liberally construed to accomplish its purposes.

4. As used in this section, "local government" has the meaning ascribed to it in [NRS 354.474](#).

(Added to NRS by [1989, 1259](#))

PAYMENTS OF MONEY FOR SERVICES PROVIDED BY LOCAL GOVERNMENTS

NRS 354.760 Notice to debtor of required payee of negotiable instrument.

1. All invoices or other notices issued by a local government to collect an account receivable must state that if the debtor wishes to pay by check or other negotiable instrument, such negotiable instrument must name as payee:

(a) The local government; or

(b) The title of the governmental official charged by law with the collection of such accounts.

↪ In no event may the invoice or other notice state that a check or other negotiable instrument may name a natural person as payee.

2. Notwithstanding the provisions of subsection 1, a local government may deposit into the appropriate account a check or other negotiable instrument which it determines is intended as payment for an account receivable.

3. As used in this section, "local government" means every political subdivision or other entity which has the right to levy or receive money from ad valorem taxes or other taxes or from any mandatory assessments, including, without limitation, counties, cities, towns, boards, authorities, school districts and other districts organized pursuant to [chapters 244, 244A, 318, 318A, 379, 439, 450, 474, 539, 541, 543 and 555](#) of NRS.

(Added to NRS by [1997, 1498](#); A [2015, 2229](#); [2017, 2037, 2722](#))

NRS 354.770 Acceptance of payments by credit card, debit card or electronic transfers of money.

1. A local government may enter into contracts with issuers of credit cards or debit cards, or operators of systems that provide for the electronic transfer of money to provide for the acceptance of credit cards, debit cards or electronic transfers of money by the local government:

(a) For the payment of money owed to the local government for taxes, interest, penalties or any other obligation; or

(b) In payment for goods or services.

2. If the issuer or operator charges the local government a fee for each use of a credit card or debit card or for each electronic transfer of money, the local government may require the cardholder or the person requesting the electronic transfer of money to pay a convenience fee when appropriate and authorized. The total convenience fees charged by

the local government in a fiscal year must not exceed the total amount of fees charged to the local government by the issuer or operator in that fiscal year.

3. As used in this section:

(a) "Cardholder" means the person or organization named on the face of a credit card or debit card to whom or for whose benefit the credit card or debit card is issued by an issuer.

(b) "Convenience fee" means a fee paid by a cardholder or person requesting the electronic transfer of money to a local government for the convenience of using the credit card or debit card or the electronic transfer of money to make such payment.

(c) "Credit card" means any instrument or device, whether known as a credit card or credit plate, or by any other name, issued with or without a fee by an issuer for the use of the cardholder in obtaining money, property, goods, services or anything else of value on credit.

(d) "Debit card" means any instrument or device, whether known as a debit card or by any other name, issued with or without a fee by an issuer for the use of the cardholder in depositing, obtaining or transferring funds.

(e) "Electronic transfer of money" has the meaning ascribed to it in [NRS 463.01473](#).

(f) "Issuer" means a business organization, financial institution or authorized agent of a business organization or financial institution that issues a credit card or debit card.

(g) "Local government" has the meaning ascribed to it in [NRS 354.474](#), except that the term does not include a court that has entered into a contract pursuant to [NRS 1.113](#).

(Added to NRS by [1997, 1323](#); A [1999, 70](#); [2001, 1322](#); [2009, 1573](#))

NRS 354.780 Placement of automated tellers at locations where local government receives payments.

1. A local government may enter into contracts with financial institutions or other business organizations for the placement of automated tellers at locations where the local government receives payments of money.

2. As used in this section:

(a) "Automated teller" means an electronic device that dispenses cash in connection with an account maintained in a financial institution or with another business.

(b) "Local government" has the meaning ascribed to it in [NRS 354.474](#).

(Added to NRS by [1997, 1323](#))

NRS 354.790 Additional fee for providing service to customer in expeditious or convenient manner.

1. Except as otherwise provided by specific statute, a local government may charge, in addition to the fee otherwise imposed for a service provided by the local government, a reasonable fee for providing the service in an expedited manner or in a manner that is expeditious or convenient to the customer.

2. The fee authorized pursuant to subsection 1 must not exceed 5 percent of the fee otherwise imposed.

3. As used in this section, "local government" has the meaning ascribed to it in [NRS 354.474](#).

(Added to NRS by [1997, 1323](#))

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Governmental Accounting Standards Series

Statement No. 34 of the
Governmental Accounting
Standards Board

Basic Financial Statements—
and Management's Discussion
and Analysis—for State and
Local Governments



GOVERNMENTAL ACCOUNTING STANDARDS BOARD
OF THE FINANCIAL ACCOUNTING FOUNDATION

trust funds, defined in paragraph 72, which should be used to report situations in which the government is required to use the principal or earnings for the benefit of *individuals, private organizations, or other governments.*)

Proprietary Funds

66. Proprietary fund reporting focuses on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. The proprietary fund category includes enterprise and internal service funds.

67. *Enterprise funds* may be used to report any activity for which a fee is charged to external users for goods or services. Activities are *required* to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's *principal revenue sources*.³³

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges *and* the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity.)
- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.³⁴

³³These criteria do not require insignificant activities of governments to be reported as enterprise funds. For example, state law may require a county's small claims court to assess plaintiffs a fee to cover the cost of frivolous claims. However, taxes, not fees, are the principal revenue source of the county's court system, and the fees in question cover only the cost of frivolous small claims court cases. In this case, the county would not be required to remove its court system or the small claims court activity from its general fund and report it in an enterprise fund. Conversely, a state department of environmental protection regulation may require a water utility to recover the costs of operating its water plant, including debt service costs, through charges to its customers—the utility's principal revenue source. Because these charges are the activity's principal revenue source and because the water utility is required to recover its costs, the utility should be reported as an enterprise fund.

³⁴Based on this criterion, state unemployment compensation funds should be reported in enterprise funds.

c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

68. *Internal service funds* may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds should be used only if the reporting government is the predominant participant in the activity. Otherwise, the activity should be reported as an enterprise fund.

Fiduciary Funds

69. Fiduciary fund reporting focuses on net assets and changes in net assets. Fiduciary funds should be used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds should be used to report resources held and administered by the reporting government when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished from agency funds generally by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held.

70. *Pension (and other employee benefit) trust funds* should be used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.

71. *Investment trust funds* should be used to report the external portion of investment pools reported by the sponsoring government, as required by Statement 31, paragraph 18.

72. *Private-purpose trust funds*, such as a fund used to report escheat property, should be used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

From: Diane Heirshberg <dbheirshberg@gmail.com>

Sent: Wednesday, April 8, 2020 10:06 PM

To: Matthew Dent; Sara Schmitz; Tim Callicrate

Subject: Dillon's Rule and General Improvement Districts; Questions for IVGID to Investigate

April 2, 2020

Dear IVGID Audit Committee, Ms. Schmitz and Messrs. Callicrate and Dent,

I was recently researching Dillon's Rule in connection with a request being made to Washoe County to combat the spread of the COVID-19 virus in Incline Village. I found that the Nevada State Legislature had passed a statute in 2015 to make the application of Dillon's Rule to County Commissioners less restrictive, but its application to other governmental entities, like General Improvement Districts, remains the same as it has been since its adoption in 1868. I am writing this email to bring Dillon's Rule and some complaints I have heard from local residents concerning IVGID accounting practices, to the attention of the audit committee. I sincerely recommend that IVGID's audit committee seek legal counsel to investigate whether IVGID has the authority to make some of the questioned expenditures described below under Dillon's Rule.

Dillon's Rule was articulated by Iowa Supreme Court Chief Justice John Dillon in the case of Merriam v. Moody's Ex'rs, 25 Iowa 163, 170 in the year 1868, as follows:

"In determining the question now made, it must be taken for settled law, that a municipal corporation possesses and can exercise the following powers and no others: First, those granted in express words; second, those necessarily implied or necessarily incident to the powers expressly granted; third, those absolutely essential to the declared objects and purposes of the corporation—not simply convenient but indispensable; fourth, any fair doubt as to the existence of a power is resolved by the courts against the corporation—against the existence of the power."

In the 1860's Justice Dillon considered local governments to be more corrupt than state governments, and sought to limit the power of local officials to sign contracts. In his decisions and later in a treatise he wrote "Commentaries on the Law of Municipal Corporations, he established a legal principle that local jurisdictions had no inherent powers granted by the people; **all authority flowed from the state.**

I would also note that the same principal was determined several months earlier by the Nevada Supreme Court in *Tucker v. Mayor and Bd. Of Alderman*, 4 Nev 20, 26 (1868) so it was not a novel rule for Nevada. I have attached a 2013 article discussing Dillon's Rule in Nevada provides a good discussion as to how Dillon's Rule works in Nevada as it applies to GIDs.

The 1937 Nevada case, *Ronnow vs. City of Las Vegas*, 57 Nev 332 (1937) also provides instructive language on Dillon's Rule:

"It is a general and undisputed proposition of law that a municipal corporation possesses and can exercise the following powers and no others: First, those granted in express words; second, those necessarily or fairly implied in or incident to the powers expressly granted; third, those essential to the declared objects and purposes of the corporation—not simply convenient but indispensable. Any fair, reasonable substantial doubt concerning the existence of a power is resolved by the courts against the corporation, and the power is denied. Of every municipal corporation the charter or statute by which it is created is its organic act. **Neither the corporation nor its officers can do any act, or make any contract, or incur any liability, not authorized thereby, or by some legislative act applicable thereto. All acts beyond the scope of the powers granted are void.**"

As you can see from the above discussion, Dillon's Rule is very strict as applied to GIDs. Therefore, I want to review the issues that I have heard raised so that you can be aware of and investigate the issues and seek written legal counsel as to what you can and cannot do as a GID.

The following expenditures by IVGID have been raised as not authorized. I know nothing about the allegations, but I wanted to communicate to the audit committee that these issues should be reviewed with your counsel if they are occurring or have occurred. I do not know if any of these issues are accurate, but I have heard the following complaints:

1. IVGID has allegedly donated merchandise which it purchased to local charities. This raises the question as to whether IVGID has the power to donate to charities under Dillon's Rule. I saw a specific statutory authorization for Washoe County to donate to charity but did not see a specific statutory authority for GIDs to do so. (I have not seen the authorizing documentation for IVGID specifically and do not know if there is authorizing language there.)
2. Donations are allegedly made by IVGID to local charities, and the Incline Village Visitor Bureau is only charged \$1.00 per year for rent, even though the Visitor Bureau collects so much money from transient occupancy tax from the County. Again, this goes to the Dillon's Rule question as to whether IVGID has the power to donate to charities.
3. IVGID has allegedly been giving IVGID venue cards to employees to use at no cost. I noticed that NRS 318.185 gives the Board the power to fix employee compensation. I don't know if the IVGID venue cards are formally part of the compensation, and if so whether that would be sufficient support for this activity under Dillon's Rule.
4. IVGID has allegedly been sending employees on business trips and reimbursing business expenses, including travel. NRS 318.145, 318.210, 318.175, and 318.116 give authority to IVGID to take actions needed to fulfill its responsibilities, but in order to be sure which specific business expenses are necessary and authorized by

Dillon's Rule, you should review your practices and policies with an attorney. I strongly urge IVGID to prepare a written Business Expense Policy with an employee expense reimbursement form, all approved by your attorneys. This will allow employees to know which business expenses are necessary to operate, as the Business Expense Policy will limit hotels, food, travel, etc., and require the employees to submit a reimbursement form with attached original receipts; the Policy would also advise as to when employees can travel to conferences, trainings, etc. Allowing for per diem reimbursement would not suffice to justify the underlying "necessary" or "indispensable" purpose of the expense.

5. I was advised that instead of the standard expense reimbursement procedure described in 4 above, employees allegedly are or were given purchase cards, and there are no written directions on the use of purchase cards, and no advance or subsequent approval or disapproval of charges made on purchase cards. I cannot imagine that the attorney will approve the use of the purchase cards instead of formal expense reimbursement with approval by IVGID in advance of reimbursement payment to employees. I was advised of some of the described purposes for the purchase cards and would urge that some of the descriptions require scrutiny by your counsel for authorization under Dillon's Rule, including such things as "pizza for employees working non-stop", "Gung Ho" meeting at Brewforia, birthdays at MOFOS, lunch "after a tough week", food for a "going away party". Lunch, dinner and food expenses really need to be reviewed by your lawyers as to whether they are necessary/indispensable to the performance of IVGID's powers, rather than merely convenient.

6. IVGID allegedly has parties for birthdays, and celebrations and brings in food for employees or gives gift certificates. Whether the Courts or practice considers these as necessary rather than convenient needs to be discussed with your counsel.

7. It has been challenged that IVGID employees like the former General Manager, take people out to dinner as business entertainment. In one case Mr. Pinkerton took out the IVGID lawyers to dinner and was reimbursed. Again, the attorneys should advise as to what authority IVGID has for such activities, and when it is appropriate if at all, under Dillon's Rule to take people out for dinner who are being paid to provide services to IVGID, or otherwise.

8. Employees are allegedly rewarded with "IVGID bucks". Again, this should be reviewed by an attorney, and this activity if approved should be documented in your formal procedures.

In my opinion, a lawyer with expertise in municipal law as applied specifically to General improvement Districts should give you written direction on:

1. What IVGID can and cannot do with respect to the types of expenditures described above, and others that you may have heard challenged;
2. Review and approve written policies that are drafted and a reimbursement form, and
3. Advise you what you need to do going backwards if Dillon's Rule has been violated.

If your lawyers have already given advice on the above issues, hopefully the audit committee can get access to the writings they sent. If the legal advice was oral, I hope you will have the attorneys put it in writing to show IVGID's good faith reliance on the advice of counsel. And for going forward, I would hope that you get advice from your counsel. Dillon's Rule is very strict as applied to GIDs, and without the advice of lawyers I frankly do not see how you can be sure you are in compliance with the Rule.

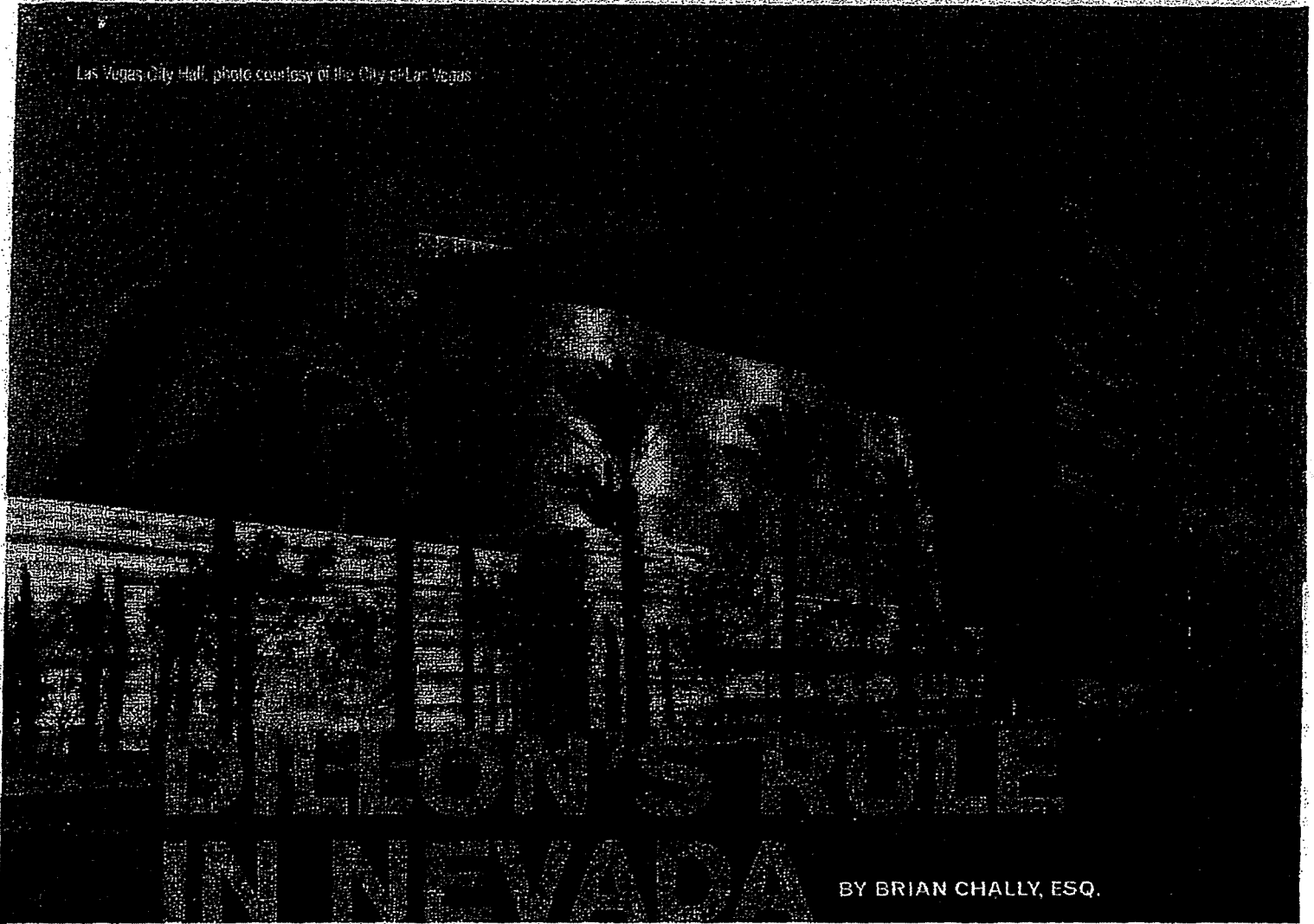
Please know that I am personally very happy with IVGID. My husband and I purchased our home in Incline in 2013, in large part because of the wonderful amenities IVGID has built, the recreation center, Diamond Peak, the golf courses, and the trails. I am only writing this email because I want IVGID to know about these concerns that are being expressed by local residents, and to enable IVGID to review these concerns so as to be sure that Incline is operating in accordance with all applicable laws, including Dillon's Rule. I also know that sometimes it is hard to change past activities that employees view as benefits, and that sometimes employees forget that a GID or governmental entity is different than a

regular business. But for the protection of IVGID, I think that these concerns should be looked at promptly, and addressed by the audit committee as needed.

Very truly yours,

Diane L. Becker

Las Vegas City Hall, photo courtesy of the City of Las Vegas



BY BRIAN CHALLY, ESQ.

Iowa Supreme Court Justice John Forrest Dillon penned his way into a measure of legal fame when he formulated the principle known as Dillon's Rule, in *Merriam v. Moody's Ex'rs*, 25 Iowa 163, 170 (1868).

He wrote:

In determining the question now made, it must be taken for settled law, that a municipal corporation possesses and can exercise the following powers and no others: First, those granted in express words; second, those necessarily implied or necessarily incident to the powers expressly granted; third, those absolutely essential to the declared objects and purposes of the corporation – not simply convenient, but indispensable; fourth, any fair doubt as to the existence of a power is resolved by the courts against the corporation – against the existence of the power.



Five months earlier, Nevada Supreme Court Justice J. F. Lewis enunciated the same principle in *Tucker v. Mayor and Bd. of Aldermen*, 4 Nev.

20, 26 (1868), noting that this was a "general proposition," and apparently so well understood that no citation to authority was necessary. Lewis, however, lacked the reverberation of the author of *Treatise on the Law of Municipal Corporations*, first published in 1872, and a seminal work on the subject until well into the 20th century.

Today, approximately 31 states follow a strict version of Dillon's Rule; nine others are blended, with the rule not applying to some local entities, and 10 are home rule states. Dillon's Rule has been frequently described as a canon of statutory construction, but it does not function as a

The 9/11 World Trade Center Monument, outside of Elko's City Hall.



Photo courtesy of Curtis Calder, Elko City Manager

standard rule of construction where the intention of the enactment is to be discerned, if possible, from the language or, if necessary, from the statutory language or context of enactment.¹ Instead, it is a substantive, judicially-created rule that measures local government actions or enactments against its narrow standards and presumption—express, necessarily implied, absolutely essential, presumed not to exist.

Dillon's Rule is still an active factor in the Nevada municipal landscape, turning up in differing shapes in cases involving local entities and receiving detailed discussion in recent legislative sessions. This article will briefly recount that case law and legislative activity.

Local Government Creation

Legislative creation of, and control over, local governmental entities stems from several constitutional provisions. Municipal corporations can be created in two ways. The first, under Nev. Const. art. 8, § 1, provides for creation by special law (NRS 46, city charters). The second, under Nev. Const. art. 8, § 8, allows for creation under general laws (NRS 266 (cities) and 318 (general improvement districts)). The third provision, Nev. Const. art. 4, § 25, applies to the creation of a uniform county and township government throughout the state (NRS 243, 244).

Thirteen Nevada cities exist by special acts created by city charters. Special acts have also been used to create approximately 14 other municipal corporations. Incorporation of cities by general law has been used for seven cities (most recently Fernley in 2001). Creation of districts, under general laws, to carry out specific functions is common and varied (from general improvement districts to weed control districts).

Nevada Cases

Eight years after the Tucker decision, the court decided *State ex rel. Rosenstock v. Swift*, 11 Nev. 128 (1876), a case challenging the legislature's appointment of initial city officials as part of the law creating Carson City. The application of the rule to cities or other municipal corporations was affirmed and the unbounded constitutional authority of the legislature over their creation and existence was recognized.

The principle was first extended to counties in *Waltz v. Ormsby County*, 1 Nev. 370, 377 (1865): "[A]nd that such officers can have no powers except those expressly granted by the legislature, is too well established to admit of question now." It continues to the present day: *State ex rel. Harvey v. Second Judicial Dist. Court*, 117 Nev. 754, 773, 32 P3d 1263 (2001) ("Counties are legislative subdivisions of the state and obtain their authority from the legislature").

Most probably, the absence of cases involving special districts stems from the fact that such districts are created to carry out relatively narrow, statutorily specified purposes with the method of financing those activities also prescribed by the underlying statute. This is far different from the situation Nevada cities and counties face: an increasing myriad of functions imposed by the state or federal governments, with a taxing regime almost fully centralized and controlled by the state government.

Variations of Dillon's Rule appear in at least three forms. One involves police power regulation of enterprises involving liquor, gaming and adult entertainment.² As one commentator has noted, the court, in cases such as these, appears willing to apply a more flexible, "sensible" or "reasonable" reading of the rule.³ A second involves preemption by state law, as in *Lamb v. Mirin*, 90 Nev. 329, 526 P.2d 80 (1974), or a conflict with state law, as in *Falcke v. Douglas County*, 116 Nev. 583, 3 P.3d 661 (2000). Third, a version of the rule has also been applied to state administrative agencies, as in *City of Henderson v. Kilgore*, 122 Nev. 331, 131 P.3d 11 (2006).

Against this backdrop, generations of Nevada lawyers have advised their local government clients to proceed with caution, relying upon explicit statutory language.

Nevada Legislation

The Nevada Legislature has been contemplating the dichotomy of Dillon's Rule and home rule for more than 60 years. A 1952 Legislative Counsel Bureau report (Home Rule in Nevada) highlighted the significant number of local measures introduced in a legislative session (15 percent in 1947), which, in the 2007 session, was approximately 9 percent. Issues identified with so much local legislation included undue demands on the time of legislators in a limited session; a concomitant reduced amount of time for statewide matters; log rolling with members voting for another's local legislation in return for favorable votes on their own legislation; and cursory examination of local legislation because of a lack of interest by a nonresident legislator.

Recent legislative attempts to readjust the balance have resulted in the introduction of bills to accomplish this goal.

In 2005, the Senate Government Affairs Committee introduced Senate Bill (SB) 427, which, for counties, sought to abolish Dillon's Rule and impose a liberal construction upon county powers. The power to impose or increase a tax was restricted, requiring specific statutory authorization.

The committee allowed SB 427 to expire silently and automatically, without a hearing under Joint Standing Rule 14.3.1.

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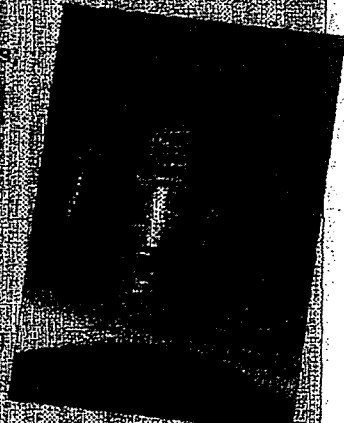
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DILLON'S RULE IN NEVADA

continued from page 7

The 2007 legislature took up the mantle, introducing SCR 10, calling for an interim study "concerning the powers delegated to local governments." A premise of the resolution was that "[a]llowing greater autonomy for local governments may promote more efficient use of limited governmental resources." The subjects of the study were to be the "structure, formation, function, and powers of local governments," the fiscal impact of abolishing Dillon's Rule, the feasibility of increasing local government powers and the experiences of states that had previously rejected Dillon's Rule. No further action was taken, and no interim study was conducted.

In 2009, a different tack was taken, with the introduction of SB 264. The bill shifted all tax authority – property, sales, room and fuel – to local governments. The bill sponsor, Senator Terry Care, noted the 2007 attempt at an interim study: "I had no success with this request. I am term-limited, so I am not requesting a study, but am trying to pass legislation." Care emphasized that local officials should be accountable to their constituents for taxing decisions, not legislators who often do not even reside in the locality seeking a tax increase. Senator William Raggio (and others) raised the question of statewide consistency: "Without limitation, control, supervision or monitoring, local governments will freewheel and compete for tax dollars. I can see problems ... Home rule cannot freewheel." Hearing on SB 264 Before the Senate Committee on Government Affairs 15, 17 (March 25, 2009).

At a followup Government Affairs Hearing eight days later, the winds had shifted, and so had Care: "Senator Care said SB 264 was perceived as a protax bill ... He proposed deleting the bill in its entirety and replacing it with language found in SCR 10 of the 74th Session." This time, the legislature authorized the formation of the Committee to Study Powers Delegated to Local Governments.

The eventual committee report made two main recommendations:

1. Create an advisory committee on intergovernmental relations, and
2. Adopt an incremental, Indiana-style approach to granting local governments additional powers.

Although both were introduced (as SB 385 and 392) in the 2011 session, they languished in Senate Committee on Government Affairs and perished, pursuant to Joint Standing Rule 14.3.3.

SB 385 – applied to both cities and counties, but not to other political subdivisions – abrogated Dillon’s Rule, and proposed a presumption that any doubt as to the existence of a power must be resolved in favor of its existence. The bill emphasized that a board is granted its powers by statute, as well as “[a]ll other powers necessary or desirable in the conduct of [its] affairs.” One limitation on the power to act is an express denial by the United States and/or Nevada Constitution, or by a statute. A second is if the power is granted to another entity. A final limitation involved prohibitions on conditioning or limiting civil liability, enacting laws governing civil actions, imposing duties on another political subdivision, imposing a tax – regulating in place of a state agency and ordering or conducting an election.

Proponents argued that the bill provided a list of limited powers and that, ultimately, the legislature could revoke the authority granted by the bill should it wish to do so. They also pointed out that bills do not get out of committee for a number of reasons, and that cities and counties, for reasons having nothing to do with the merits of a bill, must wait 18 months, under Nevada’s biennial legislative schedule, to again pursue the bill. The bill was voted out of the Senate Government Affairs Committee and sent to the Assembly Government Affairs Committee. Hearing on SB 385 Before the Senate Committee on Government Affairs 29, 31-32 (April 8, 2011).

The Assembly Committee provided a different reception. There was concern about the breadth of the expansion of powers, about the ability of local entities to responsibly handle new authority and about the quality and consistency of legal advice provided to local authorities. After this hearing, no further action was taken and SB 385 expired, pursuant to Joint Standing Rule No. 14.3.3. Hearing on SB 385 Before the Assembly Committee on Government Affairs 10, 13-14 (May 2, 2011).

The present session has seen the introduction of SB 2, a duplicate of SB 385 from 2011. The bill applies to counties and cities. Hearings were held on February 27 and April 12, before the Senate Government Affairs Committee, followed by an 18 to 2 floor approval on April 18.

Conclusion

Some form of Dillon’s Rule has been a part of Nevada’s jurisprudence since early in its statehood. Recent efforts to abrogate the rule have included carefully demarcated areas (notably, taxation powers) where it will still apply in its present form. Passage, as has been repeatedly stated in committee testimony, would allow cities and counties much greater flexibility in dealing with mundane, day-to-day issues, such as naming rights for parks, graffiti removal or the towing of cars. ■

1. *Maynard v. Johnson*, 2 Nev. 16, reh’g denied, 2 Nev. 25, 33 (1866) (“impressed by these influences and consideration, they passed the law, from the bowels of which we seek to eviscerate its meaning. Evisceribus Actus. What is its true meaning.”); Elijah Swiney, John Forrest Dillon Goes to School: Dillon’s Rule in Tennessee Ten Years After Southern Constructors, 79 Tenn. L. Rev. 103, 107-08 (2011).
2. *Ex Parte Sloan*, 47 Nev. 109, 217 P. 233 (1923); *State ex rel. Grimes v. Bd. of Comm’rs*, 53 Nev. 364, 1 P.2d 570 (1931); *Flick Theater, Inc. v. City of Las Vegas*, 104 Nev. 87, 752 P.2d 235 (1988).
3. *Louis v. Csoka*, The Dream of Greater Municipal Autonomy: Should the Legislature or the Courts Modify Dillon’s Rule, a Common Law Restraint on Municipal Power?, 29 N.C. Cent. L. J. 194, 206-07 (2007).

BRIAN CHALLY is Legal Services Director for the Las Vegas Valley Water District and Southern Nevada Water Authority.

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From: Jgumz <jgumz@protonmail.com>
Date: May 2, 2020 at 10:15:15 AM PDT
To: tim callicrate <tim2tahoe@msn.com>, Sara Schmitz <schmitz61@gmail.com>, Matthew Dent <matthew.ivgid@gmail.com>
Cc: Diane Heirshberg <dbheirshberg@gmail.com>
Subject: Fw: Attorney General opinion 2005
Reply-To: Jgumz <jgumz@protonmail.com>

To the Audit Committee:

I understand the Audit Committee is addressing Item 4b on Dillon's Rule at its meeting on May 6, 2020. Please be aware that the Nevada Attorney General provided a ruling in 2005 (attached).

"The power conferred upon cities and counties in NRS 244.1505 and NRS 268.028 vests discretionary power to make charitable contributions only with the governing body of the city and the board of county commissioners. The power granted to cities and counties is in the nature of a public trust that may not be exercised or delegated in the absence of statutory authorization. Therefore, the county and cities cannot confer their discretionary power to make charitable contributions."

Source: Nevada Attorney General Opinion (attached)

This Nevada Attorney General opinion should be included in any discussion and provided to your legal counsel. Matthew and Tim: this opinion has been provided in the past to you by email during 2019 and 2020.

Please let me know how to ensure this information and this specific opinion, 2005-01, is included in your and your legal counsel's consideration.

Joy Gumz
Incline Village, NV

----- Original Message -----

On Wednesday, March 25, 2020 3:42 PM, Jgumz <jgumz@protonmail.com> wrote:

The power conferred upon cities and counties in NRS 244.1505 and NRS 268.028 vests discretionary power to make charitable contributions only with the governing body of the city and the board of county commissioners. The power granted to cities and counties is in the nature of a public trust that may not be exercised or delegated in the absence of statutory authorization. Therefore, the county and cities cannot confer their discretionary power to make charitable contributions.

Source: Nevada Attorney General Opinion (attached)

IVGID is not a city or county. So as if it is currently making any charitable contributions, donations, "sponsorships", or in-kind donations or charitable allowances - or planning this under its 2021 FY budget, , questions will be asked as to whether this is allowed under state law.

OFFICIAL OPINIONS OF THE ATTORNEY GENERAL

AGO 2005-01 AGREEMENTS: CITIES AND TOWNS: COUNTIES:

FUNDS: Due to the absence of legislative authority that provides cities and counties the power to delegate the discretionary function of making charitable contributions, TMWA is not vested with the power to make charitable donations to the River Fund.

Carson City, January 21, 2005

Honorable Richard A. Gammick, District Attorney, County of Washoe
Post Office Box 30083, Reno, NV 89520

Dear Mr. Gammick:

You have requested our opinion concerning the Truckee Meadows Water Authority (TMWA) and whether it may make charitable contributions of money within its control to the Truckee River Fund (the River Fund), particularly from money collected from water customers. TMWA was created in the year 2000, when the cities of Reno and Sparks and the County of Washoe entered into a Cooperative Agreement (the Agreement) pursuant to chapter 277 of the Nevada Revised Statutes (NRS). TMWA was established to acquire the water assets and operations held by Sierra Pacific Power Company in the Truckee Meadows. The Agreement sets forth the Conferred Functions and Powers of TMWA in § 5 and § 6 respectively of the Agreement.

In July 2004, TMWA approved the creation of a River Fund by and between TMWA and the Community Foundation of Western Nevada, a Nevada non-profit corporation.¹ The general purpose of the River Fund is to distribute the net income and principal of the Fund for the exclusive use for projects that protect and enhance water quality or water resources of the Truckee River, or its watershed.

QUESTION

Whether TMWA may make charitable contributions to the River Fund?

ANALYSIS

Under Nevada law, cooperative agreements that establish a separate legal entity must specify the precise organization, composition, and nature of such

¹ The Community Foundation of Western Nevada is a 501(c)(3) organization as set forth in the Internal Revenue Section Code of 1986 (26 U.S.C. 501 (c) (3)). This organization provides an umbrella charitable organization for Western Nevada communities to manage dedicated funds for specific purposes.

OFFICIAL OPINIONS OF THE ATTORNEY GENERAL

entity and the powers delegated thereto. NRS 277.120(1). In accordance with the requirements of NRS 277.120(1), § 6 of the Agreement provides a detailed list of "Powers" pertaining to TMWA's operation of a public water system. The specified powers include TMWA's ability to purchase and sell property; employ staff; issue bonds, notes, and other obligations; execute contracts; exercise the power of eminent domain; and "perform all other acts necessary or convenient for the performance of any Conferred Function or the exercise of any of its powers."

TMWA's powers arise solely out of the Agreement; there is no express legislative authority granted to TMWA. Thus, it must be determined whether Reno, Sparks, and the County of Washoe have the power to make charitable contributions; whether these public entities are authorized to delegate to TMWA the power to make charitable contributions; and if so, whether that power was specifically delegated to TMWA in the Agreement.

The Nevada Legislature, pursuant to NRS 244.1505 and NRS 268.028, vested counties and incorporated cities in Nevada with the discretionary power² to expend money to nonprofit organizations created for religious, charitable, or educational purposes for a selected purpose if it provides a substantial benefit to the inhabitants. Therefore, counties and cities have discretionary power to expend money for charitable purposes.

It must next be determined whether counties and cities are authorized to delegate to another entity their express statutory power to expend money to nonprofit organizations created for religious, charitable, or educational purposes.

There is no express legislative authority that allows or prohibits a county or city from delegating its discretionary power to expend money to nonprofit organizations created for religious, charitable, or educational purposes. However, there is a general rule of law concerning the delegation of power by a public agency that has been expressed by this Office. This Office has opined, "powers conferred upon public agencies and officers which involve the exercise of judgment or discretion are in the nature of public trust and cannot be surrendered or delegated to subordinates in the absence of statutory authorization." Attorney General letter opinion to Howard Barrett (November 23, 1981) citing to *California Sch. Emp. A. v. Personnel Com'n. of P.V.U.S.D.*, 474 P.2d 436, 439 (Ca. 1970); See Op. Nev. Att'y Gen. No. 96-11 (April 25,

² The power is discretionary because these statutes provide that a city and a board of county commissioners "may" expend money for charitable purposes.

OFFICIAL OPINIONS OF THE ATTORNEY GENERAL

1996) (City of Reno Redevelopment Agency had no authority to enact rules or regulations which altered or enlarged the terms of legislative enactments); *See also* 63C AM. JUR 2D *Public Officers and Employees* § 235 (2004).

The power conferred upon cities and counties in NRS 244.1505 and NRS 268.028 vests discretionary power to make charitable contributions only with the governing body of the city and the board of county commissioners. The power granted to cities and counties is in the nature of a public trust that may not be exercised or delegated in the absence of statutory authorization. Therefore, the county and cities cannot confer their discretionary power to make charitable contributions to TMWA. As a result, TMWA may not make charitable donations to the River Fund absent express legislative authority.

Based on the foregoing, it is unnecessary to determine whether the discretionary power to make charitable contributions was specifically delegated to TMWA.

CONCLUSION

Due to the absence of legislative authority that provides cities and counties the power to delegate the discretionary function of making charitable contributions, TMWA is not vested with the power to make charitable donations to the River Fund.

Sincere regards,

BRIAN SANDOVAL
Attorney General

By: SONIA E. TAGGART
Senior Deputy Attorney General



Dillon's Rule Overview



BEST BEST & KRIEGER
ATTORNEYS AT LAW

Summary

- Introduction to Dillon's Rule
- Overview of Items at Issue
- Questions

This is a high-level review of complicated issues.



Intro to Dillon's Rule

- Two basic ways to handle local governments (not buckets but continuum)
 - Dillon's Rule
 - Home Rule
- Dillon's Rule: Local gov can only act as permitted by state statute
- Home Rule: Local gov has the general authority to act (even if in contravention of state statutes)



Intro to Dillon's Rule

- Dillon's Rule results from a 1868 Iowa case:
 - The true view is this: Municipal corporations owe their origin to, and derive their powers and rights wholly from, the legislature. It breathes into them the breath of life, without which they cannot exist. As it creates, so it may destroy. If it may destroy, it may abridge and control. Unless there is some constitutional limitation on the right, the legislature might, by a single act, if we can suppose it capable of so great a folly and so great a wrong, sweep from existence all of the municipal corporations in the State, and the corporation could not prevent it. We know of no limitation on this right so far as the corporations themselves are concerned. They are, so to phrase it, the mere tenants at will of the legislature.



Intro to Dillon's Rule

- Nevada has traditionally been a Dillon's Rule state (*Rosenstock v. Swift*, 11 Nev. 128 (1876).)
 - However, provides some form of home rule to cities and counties
- Modifications to rule have not been extended to GIDs or other districts
 - Remain creatures of state statute



Questions Re IVGID Authority

- IVGID has those basic powers set forth in NRS 318.116
 - Recreation
 - Sewer
 - Solid Waste
 - Water
- IVGID has those other express administrative powers in NRS 318



Questions Re IVGID Authority

- IVGID's express powers include the following:
 - **NRS 318.205 Bylaws.** The board shall have the power to adopt and amend bylaws, not in conflict with the Constitution and laws of the State:
 1. For carrying on the business, objects and affairs of the board and of the district.
 2. Regulating the use or right of use of any project or improvement.
 - **NRS 318.210 Implied powers.** The board shall have and exercise all rights and powers necessary or incidental to or implied from the specific powers granted in this chapter. Such specific powers shall not be considered as a limitation upon any power necessary or appropriate to carry out the purposes and intent of this chapter.

Questions Re IVGID Authority

Issue	Authorization	Notes
Business travel	NRS 318.180, 318.185, 318.210	<ul style="list-style-type: none"> -Employees should receive reasonable reimbursements -Per diems are an option in lieu of reimbursements but may be taxable -Washoe County has adopted an ordinance. (WCC 5.351 et seq.)
Employee rewards	NRS 318.180, 318.185, 318.210	<ul style="list-style-type: none"> -Common way to recognize the hard work and efforts of employees -Should be reasonable
Employee celebration expenses	NRS 318.180, 318.185, 318.210	-Same as above



Questions Re IVGID Authority

Issue	Authorization	Notes
Non-monetary support to non-profits or community groups	NRS 318.116, 318.210	<ul style="list-style-type: none"> -Support should be based on an express power (i.e., use of recreation facilities) -Policy can outline scope of program (See P&P Reso No. 132 and Reso No. 1701)
Monetary support to non-profits or community groups	NRS 318.116, 318.210	<ul style="list-style-type: none"> -Support should be reasonable and based on an express power (furtherance of recreation)



Questions?

Joshua Nelson

Best Best & Krieger LLP

joshua.nelson@bbklaw.com

916.551.2859



Herron, Susan

From: Matthew Dent
Sent: Monday, August 10, 2020 8:40 AM
To: Herron, Susan
Subject: Fw: Is IVGID Improperly Using the District's Ad Valorem Taxes?

AC Meeting 8/18/20 Item 4D

Matthew Dent

Vice Chairman, Board of Trustees
Incline Village General Improvement District
893 Southwood Blvd., Incline Village, NV 89451
Cell: 775-530-1345 www.matthewdent.com



From: s4s@ix.netcom.com <s4s@ix.netcom.com>
Sent: Friday, August 7, 2020 7:03 PM
To: Matthew Dent
Cc: Sara Schmitz; Dobler Cliff; Aaron Derreck; Ray Tulloch
Subject: Is IVGID Improperly Using the District's Ad Valorem Taxes?

To Chairperson Dent, and other Honorable Members of the IVGID Audit Committee:

So I happened to examine the web pages for the Indian Hill GID. IHGID provides water, sewer and recreational facility services). It does not charge the equivalent of a Rec Fee.

I came across this:

"The Ad Valorem taxes (property taxes) that Indian Hills residents pay do not fund in any way the Water and Sewer Departments, by law we cannot use the tax funds to assist those enterprise departments. The only way we can support our Water and Sewer funds is the monthly rates charged to residents" (see <http://indianhillsnevada.com/Administration.shtml>).

I ask the Committee to determine through IVGID's attorney if this is an accurate statement and if so, the NRS which makes this statement accurate.

And here's why.

IVGID staff represent that "The General Fund *sole function* is to provide administrative support to the District's proprietary funds" [see page 14 of the 2015-16 CAFR]. Per page 16 of the 2015-16 CAFR "the District's proprietary funds consist of Utilities, Community Services, Beach and Internal Services."

In other words, for years IVGID's financial activities have been unlawful because ad valorem taxes have been used to subsidize overspending in the district's Community Services and Beach Funds.

There's another reason why staff's use of ad valorem taxes has been improper. And I referenced this at the Board's July 22, 2020 meeting.

NRS 350.0045 instructs that where a local government levies ad valorem taxes (and IVGID levies such taxes), premiums on general obligation debt (in other words, our recreation bonds) must be paid with those taxes.

Please investigate this point and if warranted, file a criminal complaint as well as notify the Dept' of Taxation asking them what they intend to do about this?

Thank you, Aaron Katz

MINUTES

AUDIT COMMITTEE MEETING OF AUGUST 19, 2020 Incline Village General Improvement District

The Audit Committee meeting of the Incline Village General Improvement District was called to order by Audit Committee Chairman Matthew Dent on Wednesday, August 19, 2020 at 4:00 p.m. at the Boardroom located at 893 Southwood Boulevard, Incline Village, Nevada. This meeting was conducted virtually via Zoom.

A. ROLL CALL OF THE AUDIT COMMITTEE MEMBERS*

On roll call, present were Matthew Dent (Trustee, Chair), Cliff Dobler (At-Large Member), Sara Schmitz (Trustee), and Raymond Tulloch (At-Large Member). Derrek Aaron (At-Large Member) was absent from roll call but joined the meeting at 4:15 p.m.

Also present was Staff member Director of Finance Paul Navazio.

There were no members of the public present (State of Nevada, Executive Directive 006, 016 and 018 and 021).

B. PUBLIC COMMENTS*

Dick Warren said regarding District Fund Balances, at the Board meeting on August 12, 2020, it was quite apparent that his public comments concerning the District Fund Balances were totally ignored. The Board proceeded to unanimously approve Staff's recommendations, even though some of the background information that Staff provided was just totally false. So the Board is ignoring the fact that Board Policy 7.1.0 & Board Practice 7.2.0 are not being adhered to; that is, the Board is refusing to bring certain funds, like the General Fund and Community Services Fund, to their required appropriate amounts. The Board is continuing to allow these funds to maintain excess funds above the appropriate balances required. Since the Board has decided to ignore this, then the only reasonable thing to do is to return these excess funds to their rightful owners, and that would be the parcel owners. As the Audit Committee, you have a fiduciary responsibility to require the Board to return these funds to the parcel owners. Will you be making this recommendation? Audit Committee Agenda Item D.2 – General Business – Liaison to Eide Bailly, he highly recommends Cliff Dobler to be the Audit Committee liaison with Eide Bailly. Certainly others are qualified for the position, but Cliff's extensive dealings with IVGID's financials over the past several years uniquely positions him to assume this role. And no, the alternative suggestion that the Director of Finance assume this role is not a good idea, period. Audit Committee Agenda Item D.3 – General Business – IVGID's System of Internal Controls he has said this before, IVGID has no documented internal controls, okay? They didn't have them 6 months ago, what makes you think they are there now? And if you allow the Finance Director to be the point person on this

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agenda item, you won't have them 3 years from now. Just go get an outside expert to come in and assess the situation at IVGID. This is not rocket science, but you do need competent resources to get this done.

Linda Newman said over many years our citizens have provided evidence of the District's improper and unlawful accounting and reporting practices. These abuses of the public trust range from the failure of management to properly account and report the Community Services and Beaches as Enterprise Funds to comply with GASB Statements thru the undisclosed and unlawful transfer of funds to the Beaches from the funds collected for our Recreational venues through the ruse known as "punch card utilization." These practices not only violate Nevada law which requires our financial statements comply with Generally Accepted Accounting Principles, they deceive every reader of our CAFRs. After years of denial and invalid management representations to our auditor and the Nevada Department of Taxation, these assaults upon financial and operational accountability and transparency must end. She respectfully requests this Audit Committee recommend the engagement of an independent accounting expert to review these contentious issues and render an independent opinion. As for the District's internal controls which Staff has previously referenced to the lack thereof and former Trustee Audit Committee member Wong acknowledged that they were unwritten -- this Board packet validates that there aren't any for this Committee to review. Instead, you have been provided an undated Table of Contents for Policies and Procedures for Accounting and Financial Controls. Another set of table of contents without the contents are also included for the Purchasing Procedures and Personnel Policies. As she stated at the last Audit Committee meeting: "No public or private entity can responsibly operate without internal controls and financial statements cannot be properly prepared without an effective framework. The Board has appropriated funds for an independent consultant to assist. She highly recommends that this resource be engaged immediately." Further delay is not an option. The time for action is now.

Mike Abel said challenges by our citizens has shown that IVGID's accounting is replete with incorrect, incomplete or inaccurate information. Today's packet is no exception. Staff asserts their opinion that the District's accounting and reporting is in compliance with Nevada Law and Regulations and that our reports do not require restatement. This is their opinion without the credentials or the facts to back up their opinion. With a \$45 million plus budget why is there no one on Staff that is a licensed CPA in the State of Nevada. IVGID's screwed up numbers have surely been validated at the Cheech and Chong accounting service or perhaps by Bernie Madoff's own book keeping team. IVGID must engage independent credentialed accounting experts to review the 21 points of contention in the 2019 CAFR, as well as retaining outside experts for the development of effective internal controls. If you need one more reason, look at the track record of our citizens in compelling

the District to take corrective action after they identified the District's violations their own policies and Nevada Law. Here are six examples:

- 1) Restatement of the 2016 CAFR and the Auditor's identification of the District's deficiency in internal controls.
- 2) The retroactive reversal of unlawful transfers from the Internal Services Fund to the Community Services, Beach and Utility Funds.
- 3) The necessary re-establishment of the Community Services and Beach Capital Projects and Debt Service Funds to comply with the Board Resolution.
- 4) The Board now restricting more than \$11.5 million that was specifically collected for the replacement of the 6 miles of failing effluent pipeline – so that it could not be repurposed to cover operating expenses and other pet staff projects like Staff's turn around at the Sweetwater Road facility.
- 5) The rewriting of the Central Services Cost Allocation Policy.
- 6) The necessary engagement of an independent firm to review irregularities in multiple Utility Fund Capital Project procurements.

Just this week, we find that IVGID paid Terracon over \$10,000 for work product that was not delivered. How many more crap sandwiches is staff going to deliver to the public? We need internal controls NOW and we need one member of the audit committee to review every check run and EFT with authorization to "Hold" up any non-payroll payment for irregularities or Board attention.

Margaret Martini said our State defines Internal Controls as "the mechanisms, rules and procedures implemented to ensure the integrity of financial and accounting information, promote accountability and prevent fraud. Internal control is a process designed to provide reasonable assurance that specific entity objectives will be achieved. Internal control is affected by the actions of individuals within the organization as well as policies and procedures." Our State also asserts that effective internal controls can help safeguard our assets, ensure records are accurate and complete, promote operational efficiency and effectiveness and encourage adherence to policies. The Internal Control Framework should include 5 interrelated components: Control environment, Risk, Control activities, Information and Communication and Monitoring. So, where are we? The manual provided by staff for accounting and financial control has no contents. The same is true for two other manuals that only provide the table of contents. A citizen requesting the written Internal Control policies and practices from the Public Records Officer and the General Manager has received nothing. A random review of correspondence received by the District demonstrates the lack of integrity of our financial and accounting information. The budgets our Staff presents to our Board do not comply with the Board's own policies and practices. The terms of Contracts and Memorandums of Understanding are not overseen for compliance. Vendors are paid in full although all deliverables were not received. The former Director of

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Finance sold, without Board approval, three unbuildable parcels designated as public purpose open space to private buyers. These private buyers were ineligible for beach privileges and the unbuildable lots allowed them to pay a Rec Fee and a Beach fee that would enable them to use our beaches, buy an unlimited amount of punch cards and resell the lot at any price to any other buyer. With this in mind, she asks: What other public assets have been sold? You get the picture. The District has no control environment, risk assessment, control activities, accurate information and communication, or monitoring. These grave deficiencies preclude our Trustees from fulfilling their fiduciary duties and are an open invitation to more errors and more fraud. The absence of effective internal controls undermine the integrity and ethical values of our organizational structure and devalue the veracity of our financial statements. Corrective action must be taken immediately and an independent consultant must be engaged.

Aaron Katz said he has some questions on the agenda item D.4., “*Review, discuss, and possibly take action*” on a series of communications. He doesn’t know what the committee is going to do to take action but he would like a clarification. Is the attorney part of this meeting, he hopes so and hopes he will listen. He has an issue with his conclusions on Dillon’s Rule on agenda packet page 156. It is almost there to give justification for what Staff has done – the three authorizations are all the same thing, NRS 318.180, no justification, all it says is the power to prescribe duties and what we are dealing with here is whether there has been a breach of duties, NRS 318.210 – all that says is that the Board has implied power. If one really follows Dillon’s Rule, those implied powers are specifically stated and if they aren’t specifically stated, they don’t exist and he is not telling you that. The only other authority is NRS 318.185 states that the Board has power to hire employees and to prescribe their compensation; has the Board prescribed that our employees can take our money and use it for their own rewards? Has the Board said that our employees can go on this screwy business travel which has nothing to do with our recreation? Has the Board said okay to employee celebrations because we are all here for employees, aren’t we? Well no, so none of this is authorization. The attorney is making it seem like all of this conduct is permissible, when he thinks we all know in our hearts that it is not permissible so what is the attorney really here for and what is this committee going to do? He should know, if he doesn’t know already, there are people in this community which know what the law is and know what Dillon’s Rule is. And they know that some of his suggestions here aren’t totally accurate and he thought the reason was to get accuracy. If there is a problem for the attorney, he should tell us. Don’t hear him saying anything is wrong or even questionable and he is interested to hear his comments about his letter which has different types of questions. Hope is he is there, hope he will discuss, and hope this committee does something. Thank you very much.

Frank Wright said he is a candidate for the Board and that he has a quick comment to make which is a community comment that is very vital to our community. We

have an election that is going to elect new Board members. He is looking for Board members who have the best qualifications and understand what is taking place within the walls of IVGID. When you have community members who feel that it is their job to go out and remove politic signs, which is illegal and we, as a community, should be above that, if you see that, please report it as it is just horrible and everyone has the right to be represented and have their signs put up and not taken down, he just thinks it is horrible. Audit Committee – he is not going to go over things but internal controls need to be addressed. Once in place, if it ever gets put into place, it will end a lot of speculation on a lot of things that are taking place. He doesn't know why it isn't in place already and why we don't have an outside consultant come in and look at our internal controls; just a no-brainer. We have some really smart people now on the Audit Committee, they know what they are doing, the need to know that the community is behind them and taking care of this internal controls issue would put an end to a lot of speculation of wrongdoing. He has a real problem with the lawyer as the information that has been provided and things that are happening and how the Board has been voting are not legal as they are outside the scope of what Boards can and cannot do especially when putting a project into Community Services that is isolated and not available to some in the community is just flat out wrong and to allow that to go forward at the last Board meeting, he is still shocked and that it wasn't restated and taken down because he said the money wasn't being expended; it should have been taken down right away. Couple of other questionable things – if you would get a governmental legal counsel that understands how governments should operate and how money should be spent and accounted for, this District would just fly and we would have no problems, everybody would be comfortable and things would go well. We have been under the umbrella of a very incompetent past legal team that just was a disaster and self-serving by the way and now we have a chance to change all this by getting representation that understands how government finances and operations should be working.

C. APPROVAL OF AGENDA (for possible action)

Audit Committee Chairman Dent asked for any changes. At-Large Audit Committee Member Dobler requested a flexible agenda because we have so much data. District General Counsel Joshua Nelson said that yes, the Audit Committee can do that but they can't add anything to the agenda. Audit Committee Member Schmitz said she would like to make sure we get to the issues on the CAFR and get that covered as well as Director of Finance's presentation on internal controls and that those two items should be on the top of our priority list to complete today. At-Large Audit Committee Member Dobler asked which one would be a priority; CAFR first and internal controls second. Audit Committee Chairman Dent said that the internal controls presentation is about 15 to 20 minutes and then proceed to discussion and that he feels like there is enough time as long as we are all on the same page.

Audit Committee Member Schmitz made a motion to have a flexible agenda. At-Large Audit Committee Member Dobler seconded the motion. Audit Committee Chairman Dent called the question and the motion was unanimously passed.

D. GENERAL BUSINESS ITEM (for possible action)

D.1. Review with Audit Committee, long range calendar (Requesting Trustee: Audit Committee Chairman Matthew Dent)

Audit Committee Chairman Dent said, on agenda packet page 2, he put all the agenda items he received from members which he categorized; he went over the items listed. Audit Committee Member Schmitz said that are a couple of things that were on our agenda that has dropped off – the reconciliation spreadsheet to which she has requested updates and hasn't been provided to the other Audit Committee members so she would like that added as a placeholder; have both internal and external processes for reporting issues – internal is whistleblower and external is having those sent to the Audit Committee Chair. Audit Committee Chairman Dent said did you want that placed on the IVGID website? Audit Committee Member Schmitz said that was the thought process and to also communicate with the employees and the public. It needs to get sent to the Audit Committee so it gets into our realm and then there is the public records piece, etc. District General Manager Winqest said that right now, as a status update, is that he is working with District General Counsel to make sure it works for the employees and then we will deal with the public records piece. We want to be fully compliant with how we are communicating this to our internal Staff and then we did discuss having something on the website. Presently, e-mails are going start to the Audit Committee Chairman. District General Counsel Nelson said he doesn't want to create a false expectation and that he wants to have a process so everyone understands the guidelines and guideposts. Audit Committee Chairman Dent asked when we will have a further update on the website for the external part of the process? District General Manager Winqest said that we need to figure out the internal piece first before we go with both of these pieces so possibly September or the next Audit Committee meeting. At-Large Audit Committee Member Dobler said on the fifth bullet point, the Moss Adams contract, this looks like they are doing a segment that has to do with contract management but it looks like the entire internal controls but really it is limited to a very small portion of the internal controls. We don't presently have an internal control contract as Moss

Adams is only doing contract administration so this is a little bit misleading. Audit Committee Member Schmitz said that is correct that it is limited and specific in its scope at this point. At-Large Audit Committee Member Dobler said so it is correct that we have no contract for internal controls yet? Director of Finance Navazio said that this bullet point collapsed related points that he is passing along and that as we work to review and bolster the internal controls with an internal work place, we may bring someone on to assist. Moss Adams is a subset of that both with an eye towards on how they were handled and then the lessons learned to help us identify areas. The purpose is to ensure we have internal controls on the agenda and that it wasn't intended that Moss Adams is doing all of that task. Audit Committee Chairman Dent said so this is a summary and that there could be some overlap. Director of Finance Navazio said as one point of clarification, bullets 3 and 4, clarify that we hope to have a draft of the 2019/2020 Comprehensive Annual Financial Report (CAFR) by the end of October and that we will need a meeting or a component in each November. On the process for the selection of a new Auditor, Staff will need to bring a timeline as the Board is required to appoint and select in March. The present Auditor was selected in February and they are starting this fall, which this committee is primarily responsible for, so we will start this fall and go through February.

D.2. Review, discuss, and possibly select an Audit Committee member to act as a liaison to Eide Bailly (Requesting Trustee: Audit Committee Member Sara Schmitz)

Audit Committee Member Schmitz gave an overview of the submitted material.

Audit Committee Chairman Dent said that the Audit Committee Chair, in the past, has been that liaison and that he had a call with Eide Bailly on Monday morning and that he spoke with two representatives about their ability to finish in a timely manner and that he discussed the concerns with that process that is moving along. To date, the liaison has always been the Audit Committee Chair and he is open to it being someone else. Audit Committee Member Schmitz said if this liaison is someone other than the current Audit Committee Chair, who signed the engagement letter as she doesn't know. District General Counsel Nelson said that he doesn't see any issues with that. At-Large Audit Committee Member Dobler asked, for review and approval, does it go to one person for approval or does it come to the entire Audit Committee. Audit Committee Member Schmitz said it does need to come back as this will not be the authority but rather just someone to be the single point of contact. Audit Committee Chairman Dent said that it all comes

back to the Board of Trustees for decision making. At-Large Audit Committee Member Aaron asked if there was any other sort of authority such as signing the engagement letter. Audit Committee Chairman Dent said that the engagement letter has already been signed. At-Large Audit Committee Member Aaron said so is this a liaison or is it the Audit Committee Chair in the future. Audit Committee Chairman Dent said it could be the liaison and that he didn't know if the policy addresses that. At-Large Audit Committee Member Aaron said that he just wanted to understand the policy as it should be documented clearly the signing authorities for the Chair and the liaison and that it would be helpful if we could update the policy. Audit Committee Member Schmitz said that she has made a note and that it has always been the Audit Committee Chair. Director of Finance Navazio said that Staff could bring this back and, as it has been said, this year's engagement letter has been signed. This year is the last year of a 5-year contract. As we bring forward the next contract, ultimately, it is the Board of Trustees that approves the award. It is tied to the contract that is awarded by the Board of Trustees and it is why the Trustees or Chair have always signed the engagement letter. Staff is fine with it being someone else but we should clarify that before entering into the next contract. At-Large Audit Committee Member Tulloch asked if it required delegated authority from the Board of Trustees? Audit Committee Member Schmitz said that the liaison doesn't have anything to do as the engagement letter has been signed. Audit Committee Chairman Dent said that yes, it has been signed, and he doesn't believe it went to the Board prior as this was the first year he asked for it go to the Board. District General Counsel Nelson said it is important to distinguish between this and the signing authority and that this is just about communication. Authority has to be delegated by the Board of Trustees. Audit Committee Member Schmitz said that At-Large Audit Committee Member Aaron is a certified public accountant and Audit Committee Chairman Dent has a lot of history and is the one who signed the engagement letter and that she feels comfortable with Audit Committee Chairman Dent fulfilling that role as it is a valuable resource for us as a committee and Staff. We need to keep this moving and keep the process going forward. We need to be sure we are facilitators in getting things done. At-Large Audit Committee Member Dobler said that this is only item D.4. and that we need to make sure that the 7 items are brought to the Audit Committee so nothing falls through the crack.

At-Large Audit Committee Member Dobler nominated Audit Committee Chairman Dent to be the liaison. At-Large Audit Committee Member Tulloch seconded the motion. Audit Committee Chairman Dent asked for further comments; receiving none, he called the question and the motion was passed unanimously.

D.3. Presentation and Discussion Item Only – IVGID System of Internal Controls (Requesting Staff Member: Director of Finance Paul Navazio)

Director of Finance Navazio gave an overview of the submitted materials.

Audit Committee Chairman Dent said from an internal controls standpoint, is Staff looking to the example of us overpaying on a contract and not getting the deliverables or are we leaving that up to Moss Adams at this point. Director of Finance Navazio said it is not about chasing down a particular problem and where we need to build up. We do have procedures that there is an expectation that a) any contract or purchase has the authority to do, b) that we are paying what we should be paying and no more or less, and c) that we are getting what we paid for. Because there are reviews through the entire process, when we pay that invoice, we are making sure that all the approvals have been made. So if someone has made an approval that they shouldn't have, Moss Adams will inform that and see whether or not the internal controls we have in place are being followed, adequate, or examples of where these procedures didn't assure those areas and then we will come back and address it. Audit Committee Chairman Dent said that we do know that we have a couple of those areas. Director of Finance Navazio said that was the reason we selected the contracts we selected for review. At-Large Audit Committee Member Tulloch said that Staff has indicated that a lot of these controls are in policies and procedures yet for capitalization the policy is pretty clear and has been ignored. There are 2 items in the 14 points that when you look at some of the things that have been capitalized, it doesn't comply with procedures and GAAP so if we can't get those, how can we catch others? When you look at something like capitalization, it is real money and we will have to take a write down because of some of these decisions. Director of Finance Navazio said he understands what is being said and when we take the write downs, those are the impacts. When we get to the 14 points, there is a whole host of issues to look at. We have reasonably attempted to align the activity with Board policy and it is probably an appropriate discussion to have when we update and tighten up the policy. At the time, it was assumed or expected that an asset would result from the work and then some areas of what is capital. Staff is looking forward to the Audit Committee helping us to prioritize them as there are a handful that we probably need to address. At-Large Audit Committee Member Tulloch said that capitalization touches relatively few and people don't

understand the impact. It would help to clear up some of the concerns with expenses hidden under capital. Director of Finance Navazio said it might be one of the first areas of discussion as he agrees that it is a priority. Audit Committee Chairman Dent said that he has made a note of it. Audit Committee Member Schmitz said that you mentioned providing policies as part of a public records request and that certain policies are included and updated so to make sure that we have the correct version, should we post our policies on the District website so that everyone has the updates and this makes them available? Also, on agenda packet page 16, framework for internal controls, it indicates that the goal is to have, as Part 1, to be on the schedule to be finished by the end of the year, however, we have consultants that are leading some of these in these cases. She doesn't believe that we haven't put out a request and she is concerned about consultants leading when we don't have a request. Then it says review all administrative policies and she is not sure what Staff means by administrative policies. She is concerned about consultants leading when we don't have anything going with consultants. Director of Finance Navazio said it is less of a schedule that we are managing to. It was put together in April and presented to this committee in May for discussion and to illustrate what a work plan might look like. Audit Committee Member Schmitz said that she hears Staff but if we need external resources, we need to get that going. Top down approach is great but while you are doing top down there are situation that arise that are bottom up. There are some issues that she has brought to Staff's attention such as charges for the beaches that aren't going there so there are internal controls that need to happen immediately so they don't continue. When you have those sorts of problems, you have to work from the bottom up and put a stop gap measure in place. Director of Finance Navazio said on procurement cards, which were put into place in 2015, Staff did an internal update and that is an example of where we will want to refine those procedures and update them when issues arise. This is not a linear process and Staff does it based on priority and as issues arise. Nothing prevents us from doing something about someone not complying and that we have to identify if they are not following the procedures or if we have a weak procedure. The administrative policies and procedures shown on agenda packet page 18 is making a distinction between administrative and Board adopted policies and practices. Audit Committee Member Schmitz said going back to her concern about consultants, take action on that sooner rather than later. Director of Finance Navazio said that the question is up to the committee and the Board. He has said and will continue to see a role. He doesn't know if we want to bring someone on board but that we can do an overview of things as there are areas where we either need

to improve or develop our procedures where he and the internal Staff may not be the best folks to tell you the industry best practices for all of our venues. In having done this at other agencies, if you want to bring someone in, so be it. His suggestion is to get far enough along in the review that we have identified the weakness and identified areas where outside help, like in the contract management with Moss Adams, would be where we are getting the most benefit in bringing on an outside consultant. Audit Committee Chairman Dent asked if the Director of Finance is the one deciding if we have weaknesses? It would seem that it might be hard for Staff to identify them and that it seems like an outside might be a good starting point. So are you the point person or is there a committee? Director of Finance Navazio said it really need to be everyone working together and that identifying an area of weakness is the easy part and that coming up with a fix is where the expertise comes in. Identification is easy and has been done by Staff and some on this committee. Staff is making sure we have a work plan as to what the work requires. Audit Committee Member Schmitz said that one of her concerns is the stop gap. We have to stop when we find some of these issues so they don't continue forward. Is that the approach you are taking? Are you putting in place new procedures or controls and adherence thereto? Director of Finance Navazio said yes, but that he wants to be careful. We are correcting the issue and then we go back and see if it requires a policy or procedure. If there was a data entry error, then it could be a training issue or a step that got skipped. Not everything that we come across is a concern about policy and procedure but rather it is the way we ensure compliance. Audit Committee Member Schmitz said as an indication of internal control, are we modifying the procurement card approvals that we are learning about as that is what she is asking. Director of Finance Navazio said he would like to say but we need to discuss those on these lists. He can say yes, we are tracking and we do have lists. What Staff is looking for is prioritizing on vulnerabilities to make sure we are following Board approvals on purchases and deliverables; we will get to those as we get to them. Audit Committee Chairman Dent said that he appreciates the update and that he would like to move the meeting along so we can bring this matter back again. At-Large Audit Committee Member Aaron said he would like to have a side discussion with the Director of Finance and when you first started your presentation, you talked about the framework for governance which includes internal controls and company policies. Basically, it is identify, process, document and enforce. Staff is absolutely right about identify, document and enforce coming from management and preferable from the highest point. It is the enforcement that we can talk about. As to deliverables, the key

deliverables that he would like to see is what is your approach, what is your plan, what is your test plan, how to mitigate and solve any issues, and that he would like to see a schedule and a methodology. The other thing that he heard was that Staff wanted to bring on board Moss Adams to assist with testing – is that a correct statement? Director of Finance Navazio said that Moss Adams is currently engaged with a limited scope and that he would remind the Board of Trustees members that when Staff was in front of them on this matter, that the funding was to come from the funding authorized for internal controls. Moss Adams is a very capable outfit and there have been no conversations about the next piece of help with internal controls. At-Large Audit Committee Member Aaron said thank you, he understands. We get input from all direction and from whomever on what the possible issues are that exist within the District and within business operations. This is music to his ears. He would like to know if Staff has drafted up a list of known issues that we have because if you go into the project with those issues in the forefront, it is always appreciated and he would appreciate it if Staff could do that and then more issues can be identified. He would like to see the focus of Staff's work for the manual process as well as the systemic controls. The idea that we have a neutral set of eyes looking at this is good. At-Large Audit Committee Member Dobler said that he has been involved for over 5 years. The District's Auditor has never expressed an opinion on internal controls. Look at the packet, there are summaries of ordinances, resolutions, etc. and all are abbreviated without a date. The purchasing procedures are 28 pages but there is nothing there. We have got personnel policies and no back up. We don't have anything. If you think about this logically, people have to have internal controls to do the right thing yet they haven't been doing it for a generation. There is no shortage of problems and to write a control on himself; he doesn't know about doing it this way. We aren't in the business of doing recreational activities, we are doing spreadsheets. We need to have someone come in and look at everything and say these are the controls we need. This process is absolutely backwards wrong. At-Large Audit Committee Member Aaron said basically what you [At-Large Audit Committee Member Dobler] is saying is what he is saying however having an internal third party is not how it works. All the documentation and basic business transactions are driven by the organization internally because they know that and the consultant doesn't run their business. At-Large Audit Committee Member Dobler said they review what we are doing and they should write the controls otherwise it is backwards. At-Large Audit Committee Member Aaron said controls are what they are writing and the focus is on the system side because of the manual

side. This is what he does for a living and he would never come in there and say this is the way you should do the accounting; it is a fine line to walk. We own it and we need to follow up and test it to make sure it makes sense. Director of Finance Navazio said that he agrees with you on internal, external and the system. When he came on board as the new Director of Finance, he needed to access the District's internal controls even if there weren't issues. Folks do have opinions and he can't do his job if he doesn't have comfort in the process, etc. It is absolutely imperative to have the internal controls in place to do our jobs and that can be informed by prioritizing issues that have been raised. To At-Large Audit Committee Member Aaron's comment, the huge area where we are vulnerable is the manual processes because we don't have a robust internal system. We are all on point in that this is an important body of work. At-Large Audit Committee Member Aaron said that manual processes are always a concern and he appreciates that statement.

Chairman Dent called for a 5-minute break at 5:55 p.m.; the Audit Committee reconvened back at 6 p.m.

D.4. Review, discuss, and possibly take action related to the following communications that have been received and are included:

D.4.a. April 7, 2020 e-mail communication received, subject: 14 points of errors in the CAFR from Cliff Dobler and Linda Newman (20 pages)

i. Staff response and presentation (Requesting Staff Member: Director of Finance Paul Navazio)

Director of Finance Navazio gave a presentation of the submitted materials.

Audit Committee Member Schmitz said that she would like to propose an approach; when she reads through this, there are a couple of points that are long term and then there are overarching concerns. Number 1 is punch card accounting and, specifically, the contra revenue accounting that is transferring funds from Community Services to the Beach fund. When we set up the budgets and the rec roll, those two funds are completely separate and this issue has been lurking for several years. Number 2 is enterprise versus special fund accounting, and if we sought out an independent second opinion that potentially addresses all the CAFR issues, a lot of these things would go away. So let's look at the big things and get clarity before we start going into the notes, etc. This is her suggestion of an approach. Audit Committee Chairman Dent said he agrees with Audit Committee Member

Schmitz and stated that it shouldn't take very long for that review to occur. He likes that approach as it is in line with the Board authorization and that is to go and hire an expert to give us feedback on these items. At-Large Audit Committee Member Dobler said he doesn't disagree with that and that is where the illegal aspects come in. Some of these have simmered or boiled over for 4 or 5 years. The capitalization policy could have an impact on the Utility Fund and that this boils down to materiality and that when a reader comes up with a different view as they see major differences. As an example on capitalization, what we were talking about on being expensed as capital. At-Large Audit Committee Member Tulloch said his recollection was \$1.3 million in various studies which are never capitalized and are not eligible. Similar things were done with the repairs on the pipeline. There were repairs of 2 to 3 years that will have to be written down. There are material changes in the overall financial statements. At-Large Audit Committee Member Dobler said that the financial statements have to be restated because of the net position in the Internal Services Fund and because the auditors had to look at each fund, they have to be restated because it wasn't reported properly. Their view along with that those funds were restricted has been going along for years. The District has been collecting money for that project and then saying it is unrestricted. Substance over form and when you do accounting, you look at the substance. The District has been collecting \$2 million as a set aside and you can't say it is set aside and then say it is unrestricted as that turns into a violation of common sense as well as an attempt to turn around the financial position to better than it was. How long did we go around on how much reserves should be in the Utility Fund? It was never addressed because the pipeline was unrestricted. Then what Staff did was to add projects so they could use it. If it was restricted, it would have given it a completely different way to look at it. What was the substance of the transaction – it is a very important accounting principle. At-Large Audit Committee Member Tulloch said that he would add that it was worse than that because we specifically stated, on the utility bills and other documents, that this is what it was being collected for and then it was used elsewhere. He doesn't want to comment on the legality but the District made the specific statement to the customers that \$2 million was collected for that purpose. At-Large Audit Committee Member Dobler said just as an example, in 2019, the Board of Trustees has decided that this money should have been restricted but it wasn't however in March of this year, they said it should be restricted. Think of the impact; in 2019, the District's unrestricted position was just over \$12 million and 89% of that unrestricted position would have gone away as \$11 million should have been restricted. Everyone knows that is pretty material and that it is going to require restriction. If he were a reader of this, he would think the District is doing fantastic as there is \$12 million in unrestricted. \$11 million is quite substantial and you can't get around that because it was wrong. Therefore, he doesn't believe it was in accordance

with GAAP as you said you were setting it aside and you weren't. He could go on and on about deferred revenue which wasn't for current activities. Audit Committee Chairman Dent said so what he is hearing that we want to have a third party review capitalization as well or can we handle that on our own? At-Large Audit Committee Member Tulloch said that the collection of money is something that can be addressed in the utility audit. It is a major issue of what we have actually been told as we have a contract with our customers that says we are collecting money for something. Within a regulated utility, it would get bounced straight back and held to be illegal. Audit Committee Chairman Dent said we have been going around and around on this issue for years and that we did look in to it about 5 years ago. At-Large Audit Committee Member Aaron said right now he is on board and does support moving forward on more analysis of these topics by a third party expert. At this time, he is basically going to refrain until we have a discussion time to hear back from that expert. He thought we might get a little more discourse from Staff other than an opinion. Audit Committee Chairman Dent said he is going to back when the Board of Trustees voted on this and that was to hire a consultant to look at some of this stuff. He did reach out to a consultant which is a firm that oversees 100 public entities and he just wanted to throw that out there. At-Large Audit Committee Member Tulloch said he agrees with Audit Committee Member Schmitz' proposal and the direction to go there. When you aggregate all of these items, it mounts up to between 15 and 20 points and so he is in favor of getting a clean sheet to know where we are starting from. At-Large Audit Committee Member Dobler said that the key point is under the law, which is GAAP, he believes that these recreational venues are enterprise funds and that there are only two places to recover costs – charges for services and facility fees. When you did the budget and you found out there were shortfalls, you did your facility fee. It would never qualify for a special revenue fund because the facility fees were never unimposed exchanged fees. His point is that if we find out, which he agrees with, it is going to require us to do our financial statements in enterprise funds and we are working on that right now. The firm you mentioned has a lot of experience in Nevada and Utah. We may have to put those venues back to enterprise funds. He is all for going with Audit Committee Member Schmitz' proposal and we should get started on it pretty quick. Audit Committee Chairman Dent said so they will also be reviewing enterprise funds and punch cards and that the firm's name was HintonBurdick. Director of Finance Navazio said that it is up to the Audit Committee and he is fine with the direction and that he does think there is a conversation about reservation of the utility funds that gets looked at with that review so Staff can go either way. More than happy to go through this chapter and verse but he was asked to be pretty brief. It is absolutely a discussion to be had as it is most appropriate and he would refer to that reference in the document. Transition is in violation of GAAP and GASB as

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there are specific criteria in GAAP and GASB and if you meet them, you must use enterprise funds. All he is focused on is in the review was if the past practices require us to be enterprise funds. It is his conclusion that our practices and Board policies do not trigger the GASB requirement that we be in enterprise funds. That is the pricing policy question and depending on how the Board answers it, and just because we cover our costs, that is not how we set the pricing. At-Large Audit Committee Member Dobler said that the District's pricing is not limited to the venues as it includes the facility fees. Every year that is what you do, you take a look at the shortfall, assess a facility fee, and put so much in capital, operations, etc. and that is what the policy says which should be shredded as it has no legal basis. You have to look at the substance which is assessing fees to recover your costs. Except for last year, when you made a mistake, every year when you present and show that this is what we are short, this is what we need, you have never raised the facility fee and not used it. Every budget should only go to the extent of recovering your costs because you have no other way of getting money. NRS 318.197, which gives the Board the authority to raise fees, never said raise a couple of million dollars and not tell anyone what you are going to do with it. Director of Finance Navazio said he is not going to argue that point. Audit Committee Chairman Dent said that there is no changing of minds so the best thing is to go out and get an opinion on this; who wants to be tasked with preparing that memorandum and reaching out to Chad at HintonBurdick and talk to him and get a do not exceed price. Audit Committee Member Schmitz said she would be willing to work on it. District General Manager Winquest said as District General Manager, he supports Audit Committee Member Schmitz' recommendation and supports her writing the memorandum and that his suggestion is we get a neutral person. Audit Committee Member Schmitz said she will collaborate and will take it on if people are okay with that. District General Counsel Nelson said that having a list of topics that you would like covered and then having some that you might want to be included in the rate study would be helpful. Audit Committee Member Schmitz said the list she has is enterprise versus special revenue funds, punch card accounting, capitalization but separate from the Utility Fund and reserves and what is the criteria on what is capitalization. At-Large Audit Committee Member Tulloch said he would suggest splitting into two things – in the rate, more generalized policy and the advanced collection of monies. Issues of the past capitalization should be some of the references. Audit Committee Member Schmitz said she understands the split and will make sure that everyone reviews it and then bring it back to the Audit Committee as soon as she can pull this altogether. At-Large Audit Committee Member Aaron said to summarize what you are going to be leading – what of these 14 points is to have an external resource review or which ones are we going to have continuing conversation on or both. Audit Committee Member Schmitz said pick the three major areas that

we just discussed – special revenue versus enterprise, punch cards, and capitalization and that it is a bit of a domino effect. We will review them all again and the questions about certain topics and that she will bring those back to the Audit Committee at a high level. At-Large Audit Committee Member Aaron asked what do we want the external expert to look at? Audit Committee Member Schmitz said we are going to ask for their opinion. At-Large Audit Committee Member Dobler asked if we need a motion. Director of Finance Navazio said he is fully supportive of getting a good scope of work and an agreement and to be mindful that depending on the quote or price, we need to make sure that we are following our procurement policies on sole sourcing, etc. District General Counsel Nelson said that he agrees and that a motion is not required as the consensus of the Audit Committee is for Audit Committee Member Schmitz to bring it back. Audit Committee Chairman Dent asked when this matter could be brought back? Audit Committee Member Schmitz said she will touch base with the Chair in a week and then establish a timetable in a week's time as that should give her the time to do some legwork and that she wants to come back with some ideas about cost so she will touch base with the Chair in a week. Audit Committee Chairman Dent so we should plan to have an Audit Committee meeting in about a month and yes, we can touch base in about a week and then set that date. Audit Committee Member Schmitz said she has no problem with that and she will work to that timeline and noted that she is having surgery on September 8. At-Large Audit Committee Member Aaron said we need to think about if that works into the audit. Audit Committee Chairman Dent said that Eide Bailly does know that this is lingering out there thus they are not in the dark. District General Manager Winquest said Staff is not available on September 2 but that September 1 would work for the next Audit Committee meeting. One more clarification – did At-Large Audit Committee Member Tulloch say when they do the utility rate study they will look at the way the funds for the pipeline were handled. At-Large Audit Committee Member Tulloch said yes. Audit Committee Chairman Dent asked if September 1 works for everyone with a 5 p.m. start. Audit Committee Member Schmitz said that she needs as much time as possible and that she will push as quickly as she can. Audit Committee Chairman Dent said that you can always reach out to another committee member to help push it across the finish line. At-Large Audit Committee Member Dobler said he needed clarification on the deferred revenue which is money that has been raised for the effluent pipeline and that accounting issue; how is it accounted for and that is distinct and separate. Audit Committee Member Schmitz said that is a good point and something that she should include. District General Manager Winquest said that thought that we were not combining the two of these. At-Large Audit Committee Member Dobler said it is a very large item. Audit Committee Member Schmitz said she will include it. At-Large Audit Committee Member Tulloch said he totally agrees.

Audit Committee Chairman Dent said that agenda items D.4.b. through D.4.g. will be addressed at a future meeting.

- b. April 2, 2020 e-mail communication regarding Dillon's Rule from Ms. Diane Heirshberg and May 2, 2020 e-mail communication from Attorney General Opinion (dated 2005) from Joy Gumz (13 pages)
 - i. Update/Response (Requesting Member: District Legal Counsel Joshua Nelson)
- c. July 15, 2020 e-mail communication received, subject: Expansion of 14 points to 20 and still counting from Cliff Dobler and Linda Newman (48 pages)
- d. August 7, 2020 e-mail communication asking Is IVGID Improperly Using the District's Ad Valorem Taxes? from Aaron Katz (2 pages)
- e. August 4, 2020 e-mail communication regarding Historic Memorandums/Letters from citizens on accounting and reporting the activities of Community Services and Beach recreation venues as Governmental Funds from Audit Committee Member Clifford F. Dobler (79 pages)
- f. August 4, 2020 e-mail communication regarding Historical Memorandums/Letters from citizens on Punch Card Accounting from Audit Committee Member Clifford F. Dobler (97 pages)
- g. August 4, 2020 e-mail communication regarding Central Services Cost Allocations Plans from Audit Committee Member Clifford F. Dobler (10 pages)

E. APPROVAL OF MEETING MINUTES (for possible action)

E.1. Audit Committee Meeting Minutes of July 29, 2020

At-Large Audit Committee Member Tulloch said he had one correction, on page 400, first paragraph, top of the page, June 23 should be July 23, and should be changed in four occasions. Audit Committee Chairman Dent said, hearing no further changes, the minutes were approved as amended.

Director of Information Technology Mike Gove gave an overview of the new Zoom requirements for public comments.

F. PUBLIC COMMENTS* - Conducted in accordance with Nevada Revised Statutes Chapter 241.020 and limited to a maximum of three (3) minutes in duration.

Aaron Katz said it was a good meeting and that he wanted to give some history to the committee. When he and Judy first came to Incline Village, the Audit Committee had only started 8 or 9 years ago, it consisted of 3 Board members, and all they did was rubber stamp; it was a joke. It has been a joke ever since then until now, so he is impressed with the discussions the committee is having as they really benefit our community so thank you very much and keep up the good work. One comment to At-Large Audit Committee Member Dobler, yes, the Staff lied to us, it was intentional fraud and it never should have happened. Your mind just knows when something has been wrong and hopes there are no more episodes like that.

Linda Newman said she is concerned about Staff's comment that internal control documents are not in any one place. So, how does Staff know the policy and practices and how do their supervisors exercise oversight? And, if some policies are obsolete or ineffective, as Staff stated, how does Staff know what they should follow? Please advise why these internal control manuals and their contents were not provided to the public when requested. As public records, withholding these documents, also known as concealing, violate the Public Records Act. Please make the contents of these manuals available on the District's website as Trustee Schmitz requested. She would also like to express her support for an independent accounting firm to review the top three contentious issues in the 2019 CAFR. And, for Staff's clarification, professional services contracts do not require competitive bidding. Please take a look at NRS 332 so that you are apprised of Nevada law. Thank you.

G. ADJOURNMENT (for possible action)

The meeting was adjourned at 6:55 p.m.

Respectfully submitted,

Susan A. Herron
District Clerk

Attachments*:

*In accordance with NRS 241.035.1(d), the following attachments are included but have neither been fact checked or verified by the District and are solely the thoughts, opinions, statements, etc. of the author as identified below.