



NEVADA DEPARTMENT OF TAXATION  
Division of Local Government Services

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# BUDGET AUGMENTATION

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GUIDELINES AND REFERENCES



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Division of Local Government Services

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# Budget Augmentation

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**NEVADA REVISED STATUTES****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 354.533 “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 354.560 “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 354.598005 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 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 count of pupils is completed pursuant to subsection 1 of NRS 387.1233. The amendment must reflect any adjustments necessary as a result of the completed count of pupils.  
(Added to NRS by 2001, 1793)

## **NEVADA ADMINISTRATIVE CODE**

### **BUDGET AUGMENTATION**

**NAC 354.400 Purpose. (NRS 354.107; 354.594; 354.598005)** The purpose of NAC 354.400 to 354.490, inclusive, is to define available resources and to specify filing requirements for budget augmentation for governmental funds.

[Tax Comm'n, Local Gov't Reg. part No. 10, eff. 1-13-72; A 11-10-72; 11-8-74; 2-7-76; 12-20-79; 1-14-82] – (A by Com. on Local Gov't Finance by R201-01, 4-5-2002; R033-03, 12-16-2003)

**NAC 354.410 Available resources. (NRS 354.107; 354.594; 354.598005)**

1. An unappropriated ending fund balance of any governmental fund, except a fund for capital projects, is not an available resource. Available resources are:
  - (a) An opening balance which is larger than anticipated;
  - (b) Revenues in excess of those budgeted;
  - (c) Revenues generated from previously unbudgeted sources; or
  - (d) An unappropriated ending fund balance of a fund for capital projects.
2. The difference between the total of the original budgeted resources and the total of the revised resources is the amount available for budget augmentation.

[Tax Comm'n, Local Gov't Reg. part No. 10, eff. 1-13-72; A 2-7-76; 1-14-82] – (NAC A 8-2-90; A by Com. on Local Gov't Finance by R201-01, 4-5-2002)

**NAC 354.420 Revised revenue schedule. (NRS 354.107; 354.594; 354.598005)**

When augmenting a budget, local governments must prepare a revised revenue schedule for each affected fund and submit it, with the appropriate resolution, to the department of taxation.

[Tax Comm'n, Local Gov't Reg. part No. 10, eff. 1-13-72; A 11-8-74; 2-7-76; 1-14-82]

**NAC 354.430 Notice of hearing. (NRS 354.107; 354.594; 354.598005)** The published notice required by NRS 354.598005 must include the time and place of the hearing, the appropriations to be augmented and the nature of the unanticipated resources.

[Tax Comm'n, Local Gov't Reg. part No. 10, eff. 11-8-74; A 1-14-82] – (NAC A 9-5-89; A by Com. on Local Gov't Finance by R201-01, 4-5-2002)

**NAC 354.440 Vote by proxy. (NRS 354.107; 354.594; 354.598005)**

1. A member of the governing body, anticipating his absence on a date of formal action on a resolution authorizing augmentation, may vote by written proxy if the proxy:
  - (a) Indicates the subject matter of the resolution to which the vote applies; and
  - (b) Is filed with the governing body before the resolution is considered.
2. A copy of the proxy must be forwarded to the department of taxation with the record of the vote on the resolution.

[Tax Comm'n, Local Gov't Reg. part No. 10, eff. 11-8-74; A 2-7-76; 1-14-82]

**NAC 354.450 Deadline. (NRS 354.107; 354.594; 354.598005)** The procedure for augmentation must be completed before June 30 of the affected fiscal year.

[Tax Comm'n, Local Gov't Reg. part No. 10, eff. 1-13-72; A 11-8-74; 1-14-82]

**NAC 354.481 Expenses in excess of original budget appropriation. (NRS 354.107, 354.594, 354.598005)** Expenses charged to an enterprise or internal service fund in excess of the original budget appropriation therefor are allowable in accordance with NRS 354.612 and are not a violation of NRS 354.626 if:

1. The expenses do not cause a deficit in the equity balance of the fund; and
2. The budget is adjusted in a manner provided by law.

(Added to NAC by Com. on Local Gov't Finance by R033-03, eff. 12-16-2003)

**NAC 354.490 Report of augmented budget. (NRS 354.107; 354.594; 354.598005)**

A local government is not required to file an augmented budget for an enterprise or internal service fund with the department but shall report the budget augmentation in the next response submitted to the department to the quarterly survey prescribed by the committee concerning the economic conditions affecting the local government.

[Tax Comm'n, Local Gov't Reg. part No. 4, eff. 8-29-68; A 10-9-71; 11-8-74; 2-7-76] – (NAC A 1-10-84; A by Com. on Local Gov't Finance by R201-01, 4-5-2002)

**UNAPPROPRIATED ENDING FUND BALANCE****NAC 354.650 Explanation by local government. (NRS 354.107)**

1. If the ending fund balance in the general fund of a local government has been budgeted for less than 4 percent of the actual expenditures from the general fund of the local government for the previous fiscal year, the local government shall provided a written explanation to the Department that includes the



reason for the low ending fund balance and the manner in which the local government plans to increase the fund balance.

2. If that portion of an ending fund balance in a debt service fund of a local government which is attributable to revenue from property taxes exceeds the principal and interest payable from that portion of the fund for the ensuing year, the local government shall provide a written explanation to the Department that includes the reason and any authority for the excess.
3. Except as otherwise provided in subsections 5 and 6, if the Department finds there is no authority for the excess, the Department shall require the local government to reduce the debt rate.
4. A local government may propose to the Department a plan to reduce the debt rate over a period not to exceed 3 years. The Department may consider the plan and require the local government to reduce the debt rate in phases.
5. The Department shall exempt a local government from the requirement to reduce the debt rate pursuant subsection 3 if the local government demonstrates to the satisfaction of Department that:
  - (a) The debt rate is levied pursuant to subsection 4 of NRS 350.020; or
  - (b) A reduction in the debt rate would decrease the balance in the debt service fund to an amount less than the amount required for the reserve account pursuant to subsection 5 of NRS 350.020 for any fiscal year during which a bond issued pursuant to subsection 4 of NRS 350.020 is outstanding and would reduce the debt rate below the rate approved for that bond.
6. The Department may exempt for a period determined pursuant to subsection 7 a local government from the requirement to reduce the debt rate pursuant to subsection 3 if the local government demonstrates to the satisfaction of the Department:
  - (a) That at least one of the following conditions exist:
    - (1) The estimated annual revenues from property taxes are not sufficient to pay the scheduled principal and interest of current outstanding and proposed bonds;
    - (2) Projects are to be financed by bonds are delayed for a reasonable cause; or
    - (3) A temporary increase in assessed values of taxable property within the boundaries of the local government caused an increase in revenues from property taxes; and
  - (b) A need exists to issue bonds during the subsequent 3 years which:
    - (1) Would be used to finance projects included in the 5-year capital improvement plan and debt management policy of the local government; and
    - (2) Would result in that portion of the ending fund balance in a debt service fund that is attributable to revenues from property taxes being at a level that would not require the local government to provide a written explanation to the Department pursuant to subsection 2.
7. The Department may exempt a local government pursuant to subsection 6:
  - (a) Only for the period during which the local government has voter authorization for the debt; and
  - (b) For a period specified by the Department which does not exceed 3 years.

(Tax Comm'n, Local Gov't Reg. part No. 13, eff. 1-11-73; A 2-29-80] – (NAC A 1-10-84; A by Com. on Local Gov't Finance by R201-01, 4-5-2002; R028-08, 9-18-2008)

**NAC 354.660 Ending balance not subject to negotiations.**

A budgeted ending fund balance of not more than 8.3 percent of the total budgeted expenditures, less capital outlay, for a general or special revenue fund which receives revenue from property taxes or the local government tax distribution account is not subject to negotiations with other local governments or employee organizations.

[Tax Comm'n, Local Gov't Reg. part No. 13, eff. 1-13-73; A 2-29-80] – (NAC A 1-10-84; A by Com. on Local Gov't Finance by R201-01, 4-5-2002)



**SAMPLE RESOLUTION**

RESOLUTION TO AUGMENT THE 2XXX-2XXX BUDGET OF \_\_\_\_\_ **(name of entity)**

WHEREAS, total resources of the **(name of fund)** , **(name of entity)** were budgeted to be **(total amount)** on July 1, 2XXX; and

WHERE AS, the total available resources are now determined to be \$\_\_\_\_\_.

WHEREAS, said additional unanticipated resources are as follows:

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total \$ _____	

WHEREAS, there is a need to apply these excess proceeds in the **(name of fund)** .

Now, therefore, it is hereby RESOLVED, that **(name of entity)** shall augment its

2XXX-2XXX budget by appropriating **(amount of excess revenue)** for use in the **(name of fund)**, thereby increasing its appropriations from **(total appropriations before augmentation)** to **(total appropriations after augmentation)** . A detailed schedule is attached to this Resolution and by reference is made a part thereof.

IT IS FURTHER RESOLVED, that the **(clerk/secretary)** shall forward the necessary documents to the Department of Taxation, State of Nevada.

PASSED, ADOPTED, AND APPROVED the **(date)** of the **(month)** , 2XXX.

**AYES:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**NAYS:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Absent:**

\_\_\_\_\_

By: **(signature of board chairperson)**

**ATTEST:** **(clerk)**





## SAMPLE PUBLIC NOTICE

### NOTICE OF INTENTION TO ACT ON A RESOLUTION TO AUGMENT BUDGET

Notice is hereby given that the       **(board)**       of       **(entity)**      , \_\_\_\_\_ State of Nevada,

will act on a resolution to augment the fiscal year 2XXX-2XXX budget of the       **(name of fund)**      

in the amount of   **\$(amount)**   in order to appropriate previously unbudgeted resources, at a

meeting to be held at       **(time)**      ,       **(place)**       on       **(day, month, year)**      .

at which all persons may attend and be heard. Prior to the meeting written comments may be filed

with the clerk of the Board and will be considered.

      **(official)**      

      **(name of entity)**      

Date:       **(date)**      

### DOCUMENTS REQUIRED BY DEPARTMENT OF TAXATION

1. Proof of publication of the notice of augmentation;
2. Resolution authorizing augmentation;
3. Revenue schedules showing unanticipated resources, by source; and
4. Expenditure schedules showing appropriations by function, activity and object.



REVENUES	FINAL BUDGET	REVISIONS	REVISED REVENUE RESOURCES
SUBTOTAL REVENUE ALL SOURCES			
OTHER FINANCING SOURCES			
Operating Transfers in (Sch T)			
Proceeds of Long-Term Debt			
Other			
SUBTOTAL OTHER FINANCING SOURCES			
BEGINNING FUND BALANCE			
Reserved			
Unreserved			
TOTAL BEGINNING FUND BALANCE			
Prior Period Adjustments			
Residual Equity Transfers			
TOTAL AVAILABLE RESOURCES			

(Local Government)  
Schedule B - \_\_\_\_\_ Fund  
REVISED REVENUE SCHEDULE





PROPRIETARY FUND	FINAL BUDGET	REVISIONS	REVISED REVENUES AND EXPENSES
OPERATING REVENUE			
Total Operating Revenue			
OPERATING EXPENSE			
Depreciation/Amortization			
Total Operating Expense			
Operating Income or (Loss)			
NONOPERATING REVENUES			
Interest Earned			
Property Taxes			
Subsidies			
Consolidated Tax			
Total Nonoperating Revenues			
NONOPERATING EXPENSES			
Interest Expense			
Total Nonoperating Expenses			
Net Income before Operating Transfers			
Operating Transfers (Schedule T)			
In			
Out			
Net Operating Transfers			
NET INCOME			

(Local Government)

SCHEDULE F-1 REVENUES, EXPENSES AND NET INCOME

FUND \_\_\_\_\_

PROPRIETARY FUND	FINAL BUDGET	REVISIONS	REVISED STATEMENT OF CASH FLOWS
A. CASH FLOWS FROM OPERATING ACTIVITIES:			
a. Net cash provided by (or used for) operating activities			
B. CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
b. Net cash provided by (or used for) noncapital financing activities			
C. CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
c. Net cash provided by (or used for) capital and related financing activities			
D. CASH FLOWS FROM INVESTING ACTIVITIES:			
d. Net cash provided by (or used in) investing activities			
NET INCREASE (DECREASE) in cash and cash equivalents (a+b+c+d)			
CASH AND CASH EQUIVALENTS AT JULY 1, 20xx			
CASH AND CASH EQUIVALENTS AT JUNE 30, 20xx			

\_\_\_\_\_  
 LOCAL GOVERNMENT  
 SCHEDULE F-2 STATEMENT OF CASH FLOWS  
 FUND \_\_\_\_\_

CHECKLIST FOR BUDGET AUGMENTATION  
 FISCAL YEAR 2014-2015

ENTITY \_\_\_\_\_

Reviewed by \_\_\_\_\_ Date: \_\_\_\_\_

**FOR FUND TO WHICH AD VALOREM TAXES ARE ALLOCATED -**

NRS 354.598005 PROOF OF PUBLICATION

NAC 354.430	Does proof of publication include	Y	N
	Time, date, place of hearing	<input type="checkbox"/>	<input type="checkbox"/>
	Fund(s) being augmented	<input type="checkbox"/>	<input type="checkbox"/>
	Amount(s) of augmentation(s)	<input type="checkbox"/>	<input type="checkbox"/>
	Date of Publication	<input type="checkbox"/>	<input type="checkbox"/>

NRS 354.598005 (1) MEETING AND RESOLUTION:

Was the meeting held at least three days after publication?	<input type="checkbox"/>	<input type="checkbox"/>
Date of meeting (compared to publication date above)	<input type="checkbox"/>	<input type="checkbox"/>
Does resolution state fund(s) to be augmented?	<input type="checkbox"/>	<input type="checkbox"/>
Does resolution state source(s) of anticipated resources?	<input type="checkbox"/>	<input type="checkbox"/>
Does resolution recite the appropriations to be augmented?	<input type="checkbox"/>	<input type="checkbox"/>
Was the vote a majority of all members of governing board?	<input type="checkbox"/>	<input type="checkbox"/>

**FOR FUND TO WHICH AD VALOREM TAXES ARE NOT ALLOCATED -**

NRS 354.598005 (1) MEETING AND RESOLUTION:

Does resolution state the fund(s) to be augmented?	<input type="checkbox"/>	<input type="checkbox"/>
Does resolution state source(s) of anticipated resources?	<input type="checkbox"/>	<input type="checkbox"/>
Does resolution recite the appropriations to be augmented?	<input type="checkbox"/>	<input type="checkbox"/>
Was the vote a majority of all members of governing board?	<input type="checkbox"/>	<input type="checkbox"/>

NAC 354.440 VOTE BY PROXY: N/A

Does proxy indicate subject matter?	<input type="checkbox"/>	<input type="checkbox"/>
Was proxy filed with governing body prior to meeting?	<input type="checkbox"/>	<input type="checkbox"/>
Is proxy signed?	<input type="checkbox"/>	<input type="checkbox"/>



CHECKLIST FOR BUDGET AUGMENTATION  
FISCAL YEAR 2014-2015

NAC 354.410 AVAILABLE RESOURCES: **Y** **N**

Are the sources and amounts of unanticipated resources disclosed?

Unanticipated resources are -

- a) an opening fund balance which is larger than anticipated.
- b) revenues in excess of those budgeted.
- c) revenues generated from previously unbudgeted sources.
- d) an unappropriated ending balance of a capital projects fund.

NAC 354.420 REVISED REVENUE SCHEDULES:

Is there a revised schedule included for each fund being augmented?

Do the amounts agree with the resolution and publication?

EXPLANATION OF NEGATIVE RESPONSES:

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FOLLOW-UP ACTION (IF ANY) TO BE PERFORMED BY DEPT OF TAXATION:

NONE

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Signed \_\_\_\_\_ Date: \_\_\_\_\_  
Department of Taxation Personnel