

**MINUTES**  
**LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT**  
**BOARD OF TRUSTEES' FINANCE AND AUDIT COMMITTEE MEETING**  
**LAS VEGAS, NEVADA**  
**October 27, 2010**  
**(approved November 10, 2010)**

The Board of Trustees' Finance and Audit Committee of the Las Vegas-Clark County Library District met in the Las Vegas Library Boardroom, Las Vegas, Nevada, at 12:00 p.m., Wednesday, October 27, 2010.

**Present:** Committee: V. Davis-Hoggard, Chair  
R. Ence  
K. Crear  
A. Aguirre, ex-officio

Counsel: G. Welt

Absent: K. Benavidez

Staff: Jeanne Goodrich, Executive Director  
Fred James, Deputy Director, CFO

Guests: Martha Ford, Piercy, Bowler, Taylor & Kern

V. Davis-Hoggard, Committee Chair, called the meeting to order at 12:05 p.m.

**Roll Call (Item I.)** All members listed above represent a quorum.

**Agenda (Item II.)** Trustee Ence moved to approve the Agenda as proposed. There was no opposition and the motion carried.

**Discussion and possible Committee action regarding a recommendation to accept the 2009-2010 Audit Report and recommend adoption of the Fiscal Year 2009-2010 Audit at the Board of Trustees' meeting November 10, 2010. (Item III.)**

Deputy Director Fred James introduced Martha Ford, representing Piercy, Bowler, Taylor & Kern, the firm conducting the District's FY 2009-2010 audit. Ms. Ford stated that the audit of the District's financial statements for FY 2009-2010 is complete. Committee members have been provided a draft of the District's annual financial report and audit opinion for their review prior to the meeting.

Ms. Ford reported that no significant deficiencies or material weaknesses in the District's books were found and there were no surprises in the audit report. She said that Piercy Bowler Taylor & Kern would be issuing an unqualified opinion this year, the desired outcome. She added that the draft of the auditor's report on the District's internal controls, compliance and other matters, as well as the required communication letter to the Committee and the Board of Trustees were also included in the documents provided to the Committee. She commented that the audit preparation went very smoothly, thanks to Mr. James and his staff.

Chair Davis-Hoggard commented that the results of the audit were a repeat of recent years and thanked staff for their work.

Trustee Ence said he appreciated the work that went into the reports and felt these were very clear and concise reports and that not all public entities could say the same. He commended the Business Office staff for their hard work.

Mr. James thanked Committee members for their comments about his staff. He praised his very competent staff in the Business Office and credited Assistant Finance Director Floresto Cabias who took

responsibility for putting together the information required by the auditors. James also introduced Administrative Assistant Lynn Lucuara.

Mr. James took the opportunity to point out several items in the audited financial statements provided as part of the audit review.

**General Fund**

Beginning Fund Balance (July 1, 2009) - \$5,717,661

Total revenues - \$65,700,429

Total Expenditures - \$49,433,707

Transfers to Debt Service and Capital Projects Fund - \$11,315,117

Net Change - \$4,951,605

Ending Fund Balance (June 30, 2010) - \$10,669,266

Mr. James noted that the Ending Fund Balance of \$10,669,266 is integral to get the District through the next couple of years with the projected revenue shortfalls. This money is in addition to any other revenues that may have to be transferred from the Capital Projects Fund back to the General Fund.

Mr. James pointed out that the financial statements show that the ending balance of the Capital Projects Fund stands at \$54,401,356 on June 30, 2010. During FY 2010-2011, James anticipated that most of that will be expended, leaving a projected \$27 million ending balance in the Capital Projects Fund (CPF) at the end of the fiscal year.

Mr. James then briefly explained the five programs (Integrated Library Systems-ILS, Technology Replacement & Upgrades-TRU, Building Repair & Maintenance-BRM, Capital Construction-CC and Library Materials-LM) which make up the Capital Projects Fund, and also explained some limitations that attach to the Capital Construction program. He discussed his analysis of the projected Ending Fund Balance on June 30, 2011 in the Capital Projects Fund. He noted that, with no anticipated transfers to the fund after next fiscal year, at current spending levels, the TRU program has funds to cover the next 4.5 years and the BRM program has funds to cover the next 7.8 years. This projection assumes no major building issues.

Mr. James then explained that, of the projected \$27 million Ending Fund Balance in the CPF at the end of FY 2010-2011, \$14.5 million remains from the proceeds of the medium-term bonds. It is restricted to the Windmill Library and Service Center construction and purchase of library equipment only. After the construction is complete, the balance that remains will be used to pay down the outstanding loan balance over the next two years at \$7.6 million per year.

The remaining \$12.7 million balance in the Capital Projects Fund is reserved to cover Capital Projects programs expenditures and projected revenue shortfalls over the next five to eight years. Mr. James said that, therefore, the District would be using the \$12.7 million to transfer to the General Fund, if necessary, to cover the projected shortfalls in revenue over the next five to eight years. Finally, Mr. James emphasized that, if the economy remains at current levels, he projects that the Capital Projects Fund will be fully exhausted in about five to eight years.

Ms. Goodrich advised Committee members that the projections presented here by Mr. James are a recap of the May 2010 District budget presentation and all the information he has discussed is contained in the budget documents provided to them in preparation for that meeting. James advised Committee members that, if in the next fiscal year there is more revenue than he projects, this will enable the District to be a year closer to where it needs to be in terms of balancing the District's budget.

In response to Chair Davis-Hoggard's comment about a recent article noting an increase in sales tax receipts, Mr. James acknowledged the increase, but cautioned Committee members to remember that real property assessed valuation (AV), the revenues of which make up a larger portion of the District's budget, is at the bottom and any increases would be subject to a 3% cap. So, if AV drops 20% in one year, the District's revenues from that source would drop, but can only increase, regardless of how much the AV increases in the next year, by 3%. James further noted that some experts are predicting another dip in property values.

Mr. James did note some positives as the District's other debts will be paid off in the next one to two fiscal years. The 2003 funding bond will be paid off in June 2011 and six months later the other bond will also be completely paid off. While the money to pay off these bonds is a separate tax limited to debt service, the effect of this will be to lower the overall tax rate of the District by  $\frac{1}{4}$  of 1%.

In response to a comment from Trustee Ence, Mr. James noted that paying off this long-term debt will allow the District to lower its tax rate. Unlike the long-term funding bonds, proceeds of which can only be used for their specified fund purpose, General Fund revenues can be used for any operational purposes. For example, General Fund revenues transferred to the Capital Projects Fund can be transferred back to the General Fund to meet funding shortfalls.

Mr. James then commented that the years of careful budgeting prior to the current situation allowed District staff to make timely cuts last year. This has allowed the District to maintain its bond rating. This is very significant, as it allows the District to obtain the most advantageous interest rates.

Chair Davis-Hoggard asked if staff anticipated further significant cuts and drastic changes to District operations and staffing. Both Ms. Goodrich and Mr. James agreed that should James' projections of several years hold, that would not be necessary. However, Ms. Goodrich emphasized that several factors need to be considered in the next year. For example, the District will be negotiating new labor contracts with the Teamsters Union.

To provide Committee members with a sense of the current budget numbers in such a situation, Mr. James asked them to review several final numbers from FY 2009-2010.

- Original budgeted revenues - \$70,806,692
- Actual revenues - \$65,700,429

The decline was due to the lower than anticipated property tax

revenue and interest from that revenue.

- Original budgeted expenditures - \$59,247,380
- Actual expenditures - \$49,433,707  
District staff achieved savings by cutting services and supplies, some of which was a natural consequence of cutting staff.
- Transfers from the General Fund to the Debt Service Fund and the Capital Projects Fund - Budgeted and Actual expenditures were the same at \$11,315,117
- Original budgeted ending fund balance on June 30, 2010 - \$3,971,442
- Actual ending fund balance on June 30, 2010 - \$10,669,266

Mr. James explained to Committee members that if the same situation with declining revenues occurs during the current fiscal year, this would show them how much would need to be cut. He continued to say that staff has been very conservative in preparing the FY 2010-2011 Budget in an effort to protect the District from the same situation as last year. However, if revenues come in and are off by more than \$5 million than originally budgeted, another reduction to expenditures would have to be made.

Ms. Goodrich added that staff, as in previous years and especially last year, would be looking very closely at tax receipts in October and November 2010 to get an idea of any changes in the projected numbers.

Board Chair Aguirre asked if staff had any indications that the result of the upcoming November elections would have any sort of bearing on their outlook. Mr. James replied that he believed, regardless of any changes in control to either house of Congress and any costs to implement changes to the health care system, the economy will not improve until the number of foreclosures is reduced and people are confident in housing values enough to start buying homes again.

Committee Chair Davis-Hoggard commented that the large number of empty storefronts all over town is also a key point to consider. She added that she believed it would be hard to tell what would happen in either the state or the nation as a result of the elections. She then related Mr. James' comments about real estate values and the ripples they can cause to her neighborhood.

Trustee Ence suggested that people may want to look at the situation in a positive light, since several years ago housing was unaffordable to the majority of the local population. The bright side is that home prices and values are now more realistic, which he believed would have a positive effect on the community.

Trustee Ence moved to accept the 2009-2010 Audit Report and recommend adoption of the Fiscal Year 2009-2010 Audit as presented by the auditors at the Board of Trustees meeting on November 10, 2010. There was no opposition and the motion was accepted.

**Public Comment**

Juanita Clark, 137 Lorenzi Street, 89107.

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**(Item IV.)**

Ms. Clark spoke on behalf of Charleston Neighborhood Preservation. She read a letter addressed to the "Clark County Las Vegas Library Board", dated October 22, 2010, which expressed the group's appreciation for the Board's policy of providing space for information on candidates and proposals during elections. The letter is attached to the minutes as Appendix A.

Board Chair Aguirre thanked Ms. Clark on behalf of the entire Board of Trustees for her organization's letter and said it would be distributed to the rest of the Trustees. He also appreciated the group's involvement with the District and their support.

**Adjournment  
(Item V.)**

Chair Davis-Hoggard adjourned the meeting at 12:36 p.m.

Respectfully submitted,

Verlia Davis-Hoggard, Committee Chair



CHARLESTON NEIGHBORHOOD  
PRESERVATION

APPENDIX A

"Doing things today that will improve tomorrow"

Phone/Fax: 702-877-2438

October 22, 2010

TO: Clark County Library Board  
FROM: CNP

THANK YOU, CLARK COUNTY LAS VEGAS LIBRARY BOARD!

With enthusiastic appreciation we offer accolades to you for the policy of providing space for literature and notices regarding political candidates and proposals each election period in a timely manner.

The extra planning, arranging ,and the moving of these materials in and out when a library is a voting site, is not a service which every community library board offers.

We are thankful that our board recognizes that this creative service is of great benefit to candidates, to voters, and a learning motivation for the curious.

Your service by providing these sources of timely information assures residents that their library is a dependable location for timely information.

Charleston Neighborhood Preservation contributes materials to these shelves and tables, so always monitor them for neatness, hoping to compensate a bit for the added tasks of our pleasant librarians and staff.

More patrons are drawn to our libraries due to the variety of creative and innovative materials displayed on timely matters.

We are most appreciative of the serious consideration you give to Las Vegas residents by being a vital and sensitive function to each person, even those who just hear about your attention to the pulse of our city, state, and nation.

Sincerely,

President June Ingram

and BOARD

BOARD & ADVISORY MEMBERS

Dennis Ardine-Vicki Arnold-Dick Bratton-Erna Clark-Juanita Clark-Miriam Een- Danielle Hanslip-Rose Honrath-June Ingram-Rick Johnson-Jolanta Krol-Rod & Betty Larsen- Geno & Pearl Lonardo-Flo Montalvo-Dorothy Orr-Jim Seward-Pamela Stancliffe-Tim Volz-Marcus Gobel-Ginger Norton-Denise Reitz-Layne Rushforth-Jeanine Sweany-Julia Whaun-Jean Withers-Others