

MINUTES
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT
BOARD OF TRUSTEES' FINANCE AND AUDIT COMMITTEE MEETING
LAS VEGAS, NEVADA
OCTOBER 19, 2006
(approved November 9, 2006)

The Finance and Audit Committee of the Board of Trustees of the Las Vegas-Clark County Library District met in the Las Vegas Library, Las Vegas, Nevada, at 12:00 p.m., Thursday, October 19, 2006.

Present: Board: A. Arthurholtz, Chair E. Sanchez (via phone)
F. Sponer (via phone) T. Wong (via phone)
K. Benavidez V. Davis-Hoggard, Ex-Officio

Counsel: Zev Kaplan

Absent: L. Overstreet L. Harala

Staff: Daniel L. Walters, Executive Director
Fred James, Deputy Director, C.F.O.
Numerous Staff

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

A. Arthurholtz, Chair, called the meeting to order at 12:05 p.m.

Roll Call All members listed above represent a quorum. Trustee Sanchez phoned in at 12:14 p.m. and Counsel Kaplan arrived at 12:18 p.m. due to traffic.

Agenda Trustee Sponer 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 2005-2006 Audit Report and recommend adoption of the recommendations of the auditors at the Board of Trustees meeting on November 9, 2006. (Item III.) Fred James, Deputy Director, C.F.O. introduced this item. Mr. James explained that the audit of the 2005-2006 Fiscal Year financial statements was conducted during the month of September and the beginning of October. Due to the large number of grants, close to \$900,000 during the fiscal year, and some other items, the auditors spent more time than in the past reviewing items. Mr. James then introduced Richard Bowler and Martha Ford of Piercy Bowler Taylor & Kern.

Mr. Bowler reported on two significant adjustments to the basic financial statements. Audit adjustments involved recording capital assets and accrual of accounts payable. Making these adjustments avoided approximate net understatements of assets (\$717,400) and liabilities (\$165,600), and an approximate net overstatement of expenses (\$551,800).

Auditors waived as immaterial a proposed adjustment to intergovernmental revenues in the General Fund of approximately \$145,500.

Ms. Ford explained the adjustments in more detail. The \$165,600 amount was due to an Innovative Interfaces, Inc. (III) invoice that was in dispute at the end of the fiscal year and not paid until August, 2006.

The amount was finalized but not recorded and the paperwork had been overlooked in the preparation for the audit. The \$551,800 amount related to capital assets. The expenses had been recorded, but not capitalized appropriately for financial statement recording.

The adjustment waived as immaterial related to the District's contract with the Henderson District Public Library (HDPL) for the Green Valley Library. HDPL remits the equivalent amount of property taxes the District would have received for the Green Valley Library on an annual basis, usually in January. The \$145,500 adjustment was for the amount equivalent to the property taxes received between January 1, 2006 and June 30, 2006 by HDPL, but it will not be remitted to the District until January 2007.

Mr. Walters reminded Trustees of the District's agreement with HDPL, which called for the boundary change to take effect as of July 1, 2005, the beginning of the fiscal year under review. As part of the agreement, HDPL agreed to pay the District the equivalent amount of what the District would have received in property taxes at the highest HDPL property tax rate. Walters explained that, since HDPL pays the District from their General Fund, the amount cannot technically be classified as "property tax." Ms. Ford explained that on the financial statements, the amounts are reflected as "intergovernmental transfers."

In response to a question from Trustee Sponer, Mr. James explained that the \$551,800 overstatement of expenditures was in the Capital Projects Fund. All expenses, mainly fees to JMA and Winston Henderson, were properly recorded in the Fund, but an incomplete amount was capitalized against the asset, which led to the adjustment. James continued to say that when the III invoice was paid (the \$165,600 understatement of liabilities), staff did not go back to adjust the Fixed Asset account which led to the adjustment.

Mr. James also noted that, due to the adjustments, internal controls have been put into place to prevent this occurrence.

Trustee Sponer moved that the Committee accept the 2005-2006 Audit Report and recommend adoption of the recommendations of the auditors at the Board of Trustees meeting on November 9, 2006. There was no opposition and the motion carried.

**Public Comment
(Item IX.)**

None.

**Adjournment (Item
X.)**

Chair Arthurholtz moved to adjourn the meeting at 12:23 p.m. There was no opposition and the motion carried.

Respectfully submitted,

Andrea Arthurholtz, Chair