

**PROPOSED MINUTES  
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT  
BOARD OF TRUSTEES' FINANCE AND AUDIT COMMITTEE MEETING  
LAS VEGAS, NEVADA  
April 5, 2007  
(approved May 17, 2007)**

The Finance and Audit Committee of the Board of Trustees of the Las Vegas-Clark County Library District met in regular session in the Boardroom at the Las Vegas Library, Las Vegas, Nevada, at Noon, Thursday, April 5, 2007.

**Present:** Committee: A. Arthurholtz, Chair  
V. Davis-Hoggard, Board Chair  
L. Overstreet  
K. Benavidez

Counsel: G. Welt

Absent: F. Sponer  
L. Harala

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

Guests: None

A. Arthurholtz, Committee Chair, called the meeting to order at 12:07 p.m.

**Roll Call** All members listed above represent a quorum.

**Agenda** Trustee Overstreet moved to approve the Agenda as proposed. There was no opposition and the motion passed.

**Discussion and possible Committee action regarding the FY 2007-2008 Tentative Budget submittal to the Department of Taxation and preparation for the May 17 budget hearing. (Item III.)**

Fred James, Deputy Director, C.F.O., introduced this item. Mr. James reminded Committee members that District revenue is divided into four areas, the General Fund (operating expenses), Special Revenue Fund (grants and gifts received), the Capital Projects Fund, and the Debt Service Fund. For Fiscal Year 2007-2008, James advised committee members that he is projecting revenue at approximately \$62 million versus approximately \$53 million in the Adopted Budget for Fiscal Year 2006-2007.

Mr. James also advised committee members that in the process of preparing for the Finance and Audit Committee Meeting, the State of Nevada Department of Taxation forwarded the latest revenue estimates for property taxes to the District. The State's estimate of \$41.8 million is approximately two million dollars higher than the \$39.8 million tentatively budgeted, itself a 10% increase over last year's adopted budget.

Accordingly, staff will be working to finalize expenditures for both the General Fund and the Capital Projects Fund for major projects such as the RFID, IT Networking Improvements, Centennial Hills, and branch efficiencies. Therefore, the tentative budget given to committee members is for discussion purposes only, and will be adjusted

according to the final revenue estimates for the District's Budget Hearing scheduled for May 17, 2007.

Mr. James said the District is projecting approximately \$53 million in expenditures during the 2007-2008 Fiscal Year. Therefore, based upon the property tax numbers, James projects an \$11 million transfer to the Capital Projects Fund in the 2007-2008 fiscal year. If property tax revenue continues at this level, there will possibly be another \$11 million transfer to the Capital Projects Fund in Fiscal Year 2008-2009 as well.

Trustee Overstreet asked if the transfer would be used to fund the Centennial Library construction costs or go towards a District distribution center. Executive Director Walters said that the money for the Centennial Hills Library has already been allocated, but will have more detailed information on plans for the FY 2007-2008 transfer to the Capital Projects Fund based on the final numbers at the May 17 Budget Hearing. Walters continued to say that the \$11 million figure is conservative, but he cautioned Trustees by saying that the property tax receipts are taking the place of the CTX receipts which have gone flat.

Mr. Walters reminded Trustees that in the previous three years, there has been a great deal of movement in the CTX receipts. He said CTX receipts have decreased from previous years, and the District does not even expect to receive the amount projected during this fiscal year. Walters said that the District is receiving a higher level of property taxes due to the increased commercial development coming onto the tax rolls in unincorporated Clark County.

Mr. Walters said that the revenue projections over the next two to three years confirm that the Board should plan a retreat to update the District's construction program. One of the projects that should be critically considered is the automated distribution center referenced by Trustee Overstreet, given that it is not likely to be supported by a public vote on a bond issue. The automated distribution system also does not require significant additional annual operating expenses as would be required for a new library.

Mr. Walters also reminded Committee members of the very short time period the District has to prepare the tentative budget, while still waiting for final numbers from the two sources of funding, property taxes and the CTX, that comprise 96% of the District's revenue. Due to this fact, the tentative budget shown to the committee is very conservative and will change upon the receipt of final numbers.

Trustee Overstreet asked about the large variance between last year's benefits number and the number shown in the tentative budget. Mr. James replied that the figure is due to the health care costs in the negotiated contract, if approved by the union and Board. The District will be picking up a higher level of employee's health care costs, at 90% of the premium, while the employee will pick up 10%.

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Mr. Walters commented that one of the major issues in the negotiations was health care costs. As the contract was not settled due to the EMRB dispute, the Fiscal Year 2006-2007 budget does not show these costs. Now, the District is attempting to settle the contract with the bargaining unit, so the tentative budget for Fiscal Year 2007-2008 shows the higher health care costs, which accounts for the large jump.

Mr. James pointed out that the effect on the budget overall was only a 7.8% variance from last year.

Mr. James then reviewed the other District Funds. The Special Revenue Fund accounts for grants and gifts. The fund is budgeted at what the District takes in. Due to the gifts received, there will always be some carryover. The Debt Service Fund revenues come from property tax receipts dedicated specifically to debt service. The District will be free of debt in five years due to the repayment schedule. Currently, \$.012 per thousand of assessed valuation goes to this item which should generate approximately \$6.9 million in the 2007-2008 FY plus interest of approximately \$200,000.

Mr. James said that information regarding the Capital Projects Fund is not included in the tentative budget information presented at this meeting due to the lack of more definitive numbers. The Executive Director and senior staff will be meeting on April 23 to finalize expenditures for both the General and the Capital Projects funds for major projects such as the RFID, IT Networking Improvements, Centennial Hills and branch efficiencies. At the Budget Hearing on May 17, there will be more definitive numbers for all Funds, and plans for spending the \$11 million (or more) transfer to the Capital Projects Fund.

Mr. Walters told Trustees that one of the ideas to consider for the retreat will be that the District will be debt-free in five years. Trustees may want to consider asking the voters for a bond issue in the next few years to pick up once the current indebtedness is paid off. The money raised could then address the District's needs in Mesquite, the east side of Las Vegas and the southwest part of Clark County without having to provide any administrative infrastructure. If the timing is correct, this could also be presented as a "no tax increase" bond issue if the debt came online as the previous debt is retired. At this time the District can seriously look at timing these types of improvements and identify the projects that will appeal to voters.

Mr. Walters noted that Standard & Poor's gave the District's General Obligation Bonds an AA rating and cited the District for its financial management and capital planning within operating revenue. Trustees will be provided information with their next meeting packet.

Chair Davis-Hoggard commented on the amount of money the District will have in the Capital Projects Fund and questioned how the District responds to the areas, such as Mesquite, which are eager to expand library services. Director Walters responded that there are many competing needs in the District such as Mesquite, East Las Vegas and

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the most pressing area underserved by the District, the unincorporated southwest areas of Clark County. Trustees have determined the District's priorities through the *Strategic Plan*, though with the growth of property tax revenue, he believes a retreat is in order to update the plan that is now three years old. The Trustees have planned expenditures for projects that will require all the funds currently held in the Capital Projects Fund, so an update is critical so that it does not appear that the District is "sitting" on significant unallocated tax revenues.

Mr. Walters continued to say that other areas of concern to the District in future will be centralizing administrative and support services, the increasing use of libraries in Mesquite and Laughlin by residents of areas other than Clark County, and the increased administrative costs of new branches. Walters said that Trustees have time to plan for the best use of the funds. He suggested timing a future bond issue so the District goes to the voters with a record of achievement utilizing current operating revenue and with projects that serve residents in all areas of the County. It may be possible to plan a "tax neutral" proposal.

Mr. James concluded his presentation by saying that the District will continue to spend 20% of the budget in FY 2007-2008 on library materials.

Mr. Walters reiterated that the presentation at the Budget Hearing on May 17 will show more detailed information on the expenditure side and the Capital Projects Fund as the District will have been given updated figures on the property tax and CTX revenues. Trustees will see approximately six-eight new FTE over the existing number of positions. These positions, of which approximately two will be full-time and the rest part-time positions, are mainly in the Public Services and IT areas. There may also be a different figure on the transfer amount to the Capital Projects Fund.

There were no further questions from committee members. No action is required on the item.

**Public Comment  
(Item IV.)**

None.

**Adjournment (Item  
V.)**

Trustee Arthurholtz moved to adjourn the meeting at 12:47 p.m. There was no opposition and the motion carried.

Respectfully submitted,

Andrea Arthurholtz, Chair