

MINUTES
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT
BOARD OF TRUSTEES' FINANCE AND AUDIT COMMITTEE MEETING
LAS VEGAS, NEVADA
April 9, 2015
(approved May 21, 2015)

The Board of Trustees' Finance and Audit Committee of the Las Vegas-Clark County Library District met in regular session in the Sahara West Library, Las Vegas, Nevada, at 6:00 p.m., Thursday, April 9, 2015.

Present:	Committee: Y. Yturralde, Chair R. Ence R. Wadley-Munier	M. Saunders S. Moulton K. Crear, ex-officio
Board:	S. Bilbray-Axelrod F. Ortiz	M. Francis Drake
Counsel:	G. Welt	
Absent:		
Staff:	Dr. Ronald R. Heezen, Executive Director Numerous Staff	
Guests:	None	

Y. Yturralde, Chair, called the meeting to order at 6:08 p.m.

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| Roll Call
(Item I.) | All members listed above represent a quorum. Trustees Crear and Wadley-Munier attended via telephone as did Counsel Welt. |
| Public Comment
(Item II.) | None. |
| Agenda
(Item III.) | Trustee Ence moved to approve the Agenda as proposed. There was no opposition and the motion carried. |
| Discussion regarding the preparation of the District's Tentative Budget for Fiscal Year 2015-2016.
No action will be taken.
(Item IV.) | Deputy Director, CFO Fred James provided background information on the preparation of the District's Tentative Budget for Fiscal Year 2015-2016 prior to the meeting which is included below as well as a handout to those at the meeting (emailed to those who attended via telephone). The handout is attached as Exhibit A.

BACKGROUND INFORMATION:

The Nevada Revised Statutes require that the Tentative Budget be filed with the State Department of Taxation by April 15, 2015. The Tentative Budget is an administrative report of anticipated expenditures and does not require Board action.

The Tentative Budget is for discussion purposes only, and will be adjusted according to the final revenue estimates expected to be received in early May, as well as subsequent expenditures, for the District's Budget Public Hearing scheduled for May 21, 2015.

<u>FY 2015-2016 General Fund</u>
The General Fund represents the basic complement of services provided to the patrons of the Las Vegas-Clark County Library District. |

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Revenues

Total revenues for FY 2015-2016 are projected at \$59.6 million. As compared to the FY 2014-2015 Budget, property tax (PTX) revenue for FY 2015-2016 is 2.6% higher than last fiscal year. Consolidated sales tax (CTX) revenue is estimated to increase by 5.9%, as compared to a 6.6% increase for FY 2014-2015.

PTX (63%) and CTX (32%) revenues account for 95 percent of all General Fund revenues. The remaining five percent of the General Fund's revenues are generated from library fines, programming and rental charges, revenue from contract libraries and investment income.

The District's operating tax rate will remain at 9.42 cents per \$100 of assessed valuation. This rate includes the District's supplemental city-county relief tax (SCCRT) loss tax rate (NRS 354.59813) of .45 cents in the District's base operating rate.

Expenditures

The proposed preliminary General Fund budget amounts to \$58.96 million, an \$8.6 million increase as compared to FY 2014-2015.

The FYE 2016 Tentative Budget proposes \$8.8 million in library materials expenditures, an increase of 12.3% over current levels. The proposed appropriation amounts to 15% of the total General Fund budget.

A \$17.95 million transfer is proposed in the FY 2015-2016 Tentative Budget from the General Fund to the Capital Projects Fund. See the section for the Capital Projects Fund below for further discussions regarding the anticipated transfer of \$17.95 million.

The General Fund's ending fund balance is projected at \$6.6 million and amounts to a minimum of 11.2% of the total budget.

Las Vegas-Clark County Library District FY 2015-2016					
	Estimated FYE 2015 Actual	Preliminary FYE 2016 Budget	Variance FYE 2016 vs. FYE 2015	Percent Increase (Decrease)	
General Fund	50,403,814	58,964,074	8,560,260	16.98%	
Special Revenue Funds:					
Gift Fund	500,000	500,000			
Grant Fund	1,300,000	1,300,000			
Expendable Trust Fund	83,766		(83,766)	(100.00%)	
Capital Projects Fund	3,909,300	9,378,000	5,468,700	139.89%	
Debt Service Fund	7,689,150	7,692,750	3,600	0.05%	
Total	63,886,030	77,834,824	13,948,794	21.83%	

Special Revenue Funds

Activity in the Gift, Expendable Trust and Grant Funds are accounted for in Special Revenue Funds. The Gift and Expendable Trust Funds account for donations to the District and expenditures are estimated to be \$500,000 in FY 2015-2016. The Grant Fund of \$1,300,000 accounts for revenues and expenditures for monies received from state and federal grants.

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Capital Projects Fund

A \$17.95 million transfer is proposed from the General Fund to be appropriated to the different programs within the Capital Projects Fund. The transfer is designated for vehicle replacements, major building repairs and maintenance, technology replacements and upgrades, integrated library systems replacements, library materials, furniture replacement, and construction projects.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general obligation bonds. Bonds are payable from property taxes.

The District obtained additional funding through medium-term financing for the design and construction of the Windmill Library (aka Southwest Library) and Service Center in March 2009. The financing provided a total of \$51.6 million. The medium-term bonds are payable from all legally available funds of the District. In addition, the District must maintain a reserve on hand, equal to the annual debt service requirements. Principal and interest is \$7.6 million for FYE 2016.

Pending Board direction for any additional changes, staff will prepare a FYE 2016 Proposed Budget that incorporates any necessary adjustments subsequent to the administrative filing of the FYE 2016 Tentative Budget with the Department of Taxation.

Mr. James then explained the background, noting that there will be a lot of differences from previous years in the FY 2015-2016 budget. He also said there will still be changes made up until the time of the Public Hearing at the May 21, 2015 Board meeting. James said that the cost of building and staffing new libraries as well as funding deferred maintenance projects will eat into the ending fund balance but that it comes down to several points; the District does have the cash flow to build new libraries and it does have the cash flow to maintain the infrastructure. However, lower than expected revenues from PTX and CTX would force staff to make adjustments. Mr. James said that at the Public Hearing, he will present revenue forecast to show how the District's funding looks over the next 5-10 years as well as information on historical assessed valuation (AV) and projections for the future.

Mr. James said that the District is in a fortunate position for the future due to staff's actions to quickly adjust during the recession. Staff kept their eye on the PTX and CTX projections and were helped by staff buyouts, concessions by staff in salaries and insurance costs, postponing maintenance and holding the line on expenditures.

After Mr. James finished his presentation, Executive Director Ronald Heezen thanked him for his forecasting, without which the District would have been in the same position as other municipalities and districts. Heezen said that the District has maintained fiscal solvency and conservative budget practices under James' direction.

Chair Yturralde asked about a large increase in Miscellaneous Revenue projected in the Estimated FY 2014-2015 Budget and Mr. James explained it was the \$7 million the District is to receive from the city of Las Vegas for the new East Las Vegas facility.

Trustee Crear asked whether, as in the past, Mr. James would be providing the Trustees with a revenue/expense forecast, showing projections over future years.

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James said he would be including that as part of his presentation during the public hearing at the May 21, 2015 meeting. He is still working on that as adjustments are being made and he wants to show how the District will accommodate the different projects over the next years.

Trustee Saunders commented on the projected \$600,926 excess revenue over expenditures in the preliminary FY 2015-2016 Budget and asked if that was enough of a financial cushion for the District. Mr. James explained that savings are in the budget as the District has historically not spent its entire budget. In each area, several projected expenses are always put in, but not always spent.

Trustee Moulton asked if this was a "pay-as-you-go" budget and Mr. James agreed, saying that it allows staff to make rapid adjustments should revenue or expenses change. She was also concerned about the approximately \$1.1 million increase in the Administration function expenditures and asked for an explanation. Mr. James said that it was additional staff in those areas but said he would provide more information at the public hearing as he and Moulton agreed that this area should be as transparent as possible. Moulton also commented on the large projected ending fund balance for the end of the current fiscal year and suggested that staff explain the reasons behind it. Moulton also said that if the District can, she would like to see about adding back in some of the service hours, perhaps opening one hour earlier.

Trustee Ortiz noted that the Preliminary Budget Administration expenditures increased 14.8% from the current fiscal year estimated budget. Mr. James explained that some of the budgeted items in the Administration area would not be spent but would go back and review this area as the increase is mostly due to an increased number of employees.

**Public
Comment
(Item V.)**

None.

**Adjournment
(Item VI.)**

Chair Yturralde adjourned the meeting at 6:43 p.m.

Respectfully submitted,

Ydoleena Yturralde, Chair

Statement of Revenues, Expenditures and Changes in Fund Balance

General Fund for the Years 2014-2016

Revenues:	2013-2014 Actual *	Estimated 2014-2015 Budget *	Preliminary 2015-2016 Budget *	Variance 2014-15 vs. 2015-2016 Budget	
				Amount	Percent
Property Taxes	36,674,034	36,300,000	37,250,000	950,000	2.6%
Consolidated Tax	18,345,024	18,500,000	19,600,000	1,100,000	5.9%
Intergovernmental Revenue					
Charges for Services	928,357	1,125,000	1,125,000		
Fines and Forfeits	1,067,215	1,200,000	1,200,000		
Miscellaneous Revenue	149,029	7,360,000	360,000	(7,000,000)	-95.1%
Contributions and Donations					
Investment Income	14,580	50,000	30,000	(20,000)	-40.0%
Total Revenues	57,178,239	64,535,000	59,565,000	(4,970,000)	-7.70%
Expenditures by Function					
Public Services	35,486,454	35,732,614	42,452,821	6,720,207	18.8%
Information Technology	2,855,920	2,981,063	3,411,288	430,225	14.4%
Administration	3,992,095	5,177,586	5,943,225	765,639	14.8%
General Services	6,004,017	6,512,551	7,156,740	644,189	9.9%
Total Expenditures	48,338,486	50,403,814	58,964,074	8,560,260	16.98%
Excess Revenues over Expenditures					
	8,839,753	14,131,186	600,926	(13,530,260)	-95.7%
Beginning Fund Balance	15,653,488	17,893,241	23,924,427	6,031,186	33.7%
Other Financing Sources and Uses					
Transfers (to) Other Funds	(6,600,000)	(8,100,000)	(17,950,000)	(9,850,000)	121.6%
Transfers from Other Funds					
Projected savings-Expenditures	-				
Ending Fund Balance	17,893,241	23,924,427	6,575,353	(17,349,074)	-72.52%
		47.5%	11%		
* Restated to reflect consolidation of Expendable Trust Fund into the Special Revenue Fund.					
Gen Fund Expenditure Budget by Activity:	2013-2014 Actual *	Estimated 2014-2015 Budget *	Preliminary 2015-2016 Budget *	Variance 2014-15 vs. 2015-2016 Budget	
				Amount	Percent
Salaries	23,693,821	24,142,290	27,483,035	3,340,745	13.8%
Benefits	8,476,341	8,821,286	11,078,668	2,257,382	25.6%
Services and Supplies	8,761,579	9,214,238	11,603,671	2,389,433	25.9%
Library Materials	7,207,915	7,835,000	8,798,700	963,700	12.3%
Capital Outlay	198,830	391,000	-	(391,000)	-100.0%
Total Expenditures	48,338,486	50,403,814	58,964,074	8,560,260	16.98%