

MINUTES
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT
BOARD OF TRUSTEES' FINANCE AND AUDIT COMMITTEE MEETING
LAS VEGAS, NEVADA
NOVEMBER 12, 2015
(approved January 14, 2016)

The Board of Trustees' Finance and Audit Committee of the Las Vegas-Clark County Library District met in regular session in the West Charleston Library, Las Vegas, Nevada, at 6:00 p.m., Thursday, November 12, 2015.

Present: Committee: S. Bilbray-Axelrod, Chair K. Crear
R. Ence J. Melendrez
S. Moulton F. Ortiz
Y. Yturralde (via telephone) M. Saunders (ex-officio)

Board: M. Francis Drake

Counsel: G. Welt

Absent: R. Wadley-Munier - excused

Staff: Dr. Ronald R. Heezen, Executive Director
Fred James, Deputy Director/CFO
Numerous Staff

Guests: Martha Ford, Piercy Bowler Taylor & Kern

S. Bilbray-Axelrod, Committee Chair, called the meeting to order at 6:00 p.m.

Roll Call (Item I.) All members listed above represent a quorum. Trustee Yturralde attended via telephone and called in at 6:04 p.m. Trustee Wadley-Munier had an excused absence.

Public Comment (Item II.) None.

Agenda (Item III.) Trustee Crear 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 Fiscal Year 2014-2015 Audit Report at the Board of Trustees' meeting on November 12, 2015. (Item IV.) Deputy Director/CFO Fred James introduced Martha Ford, representing the District's auditors, Piercy Bowler Taylor & Kern (PBTk).

Ms. Ford stated that PBTk completed their audit of the District's financial statements for the year ended June 30, 2015, and issued an unmodified audit opinion thereon. Ford added that PBTk also issued the required communication letter which includes any comments or related items. She commended Mr. James and his team for their preparation for and assistance in making this year's audit a smooth process.

Trustee Yturralde called in at this time.

Trustee Moulton asked for an explanation of the significant estimates statement provided on page three of the Required Communications letter. Ms. Ford said that management estimates are an estimate that requires management judgment and is not a challenge or concern to the District. In this case, management has provided an estimate for

how long the District's capital assets will last, in order to properly depreciate these assets based upon that judgment.

In response to a request from Trustee Crear at the October Board meeting, Mr. James provided an updated financial forecast for the District in light of the proposed additional costs for the East Las Vegas and Mesquite construction. James's presentation is attached as Appendix A.

Trustee Ortiz asked about expenditures in the Technology Replacements and Upgrades Program in the Capital Projects Fund as he wondered if the District is keeping up with technological changes or barely keeping even. Mr. James explained that the District annually replaces computers, doing so over a five-year period, so staff's equipment is keeping up with change. In addition, the District regularly purchases and updates software, etc. to upgrade its equipment. Ortiz commented that, clearly, technology is changing as the base of people utilizing library services is increasing.

Mr. James cautioned that the current forecast does not take into consideration the upcoming negotiations with the Teamsters Union regarding salary and benefits which include health care cost increases. In response to a question by Committee Chair Bilbray-Axelrod, James acknowledged that changes on PERS contributions will also affect the forecast. Currently the District pays 28% and James believed it was almost guaranteed the rate would go up. The District's forecast will be adjusted once this information is received. Mr. James explained that for approximately every 1% of cost change, it runs to approximately \$500,000. This will affect the numbers for expenditures.

After Mr. James walked through the projections that extend out to FY 2030-2031, Trustee Moulton noted the significant drop in the Capital Project Fund balance in FY 2021-2022. James said that adjustments in spending will be able to account for that drop.

Trustee Crear said she appreciates the information and wants to be assured that the District will make adjustments when they are needed. Mr. James explained that projected savings in expenditures are the key to the transfers and that this is the area where the adjustments are made and staff watches this area closely.

Trustee Ortiz asked when the District pays off the medium-term bonds, would that be captured in the projections. Mr. James explained that the District has already put the money aside in the Debt Service Fund, due to a number of fortunate events, so the money is already accounted for. If the District had not been able to do so, then the District would have to pay off the bonds using projected savings.

Trustee Crear asked how long the contracts with the Teamsters Union usually lasted. Mr. James said that past contracts have usually run three years, but both he and Executive Director Dr. Heezen said that the District would try to negotiate a five-year contract.

Trustee Moulton commented that she felt Mr. James and his team are an example to other public entities of how a plan is laid out, carried through, adjusted to circumstances and monitored. She complimented

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the Financial Services team, noting that she had reviewed quite a few budgets for public entities. Chair Bilbray-Axelrod echoed Moulton's thanks.

Trustee Moulton moved to accept the Fiscal Year 2014-2015 Audit Report and recommend adoption of the Fiscal Year 2014-2015 Audit as presented by the auditors at the Board of Trustees' meeting on November 12, 2015. There was no opposition and the motion carried.

**Public Comment
(Item V.)**

None.

**Adjournment
(Item VI.)**

Chair Bilbray-Axelrod adjourned the meeting at 6:24 p.m.

Respectfully submitted,

Shannon Bilbray-Axelrod, Committee Chair

Auditors' Annual Financial Report

Finance and Audit Committee

July 1, 2014- June 30, 2015

Martha Ford, Principle

Piercy Bowler Taylor & Kern

Certified Public Accountants



Finance and Audit Committee Budget Projections Updated FY 2016-17 Through FY 2022-23

Presented by

- Dr. Ronald Heezen, Executive Director
- Fred James, CPA, Deputy Director/CFO



Actual - All Funds

	Governmental Funds				
	Major Funds			Aggregate	Total
	General	Debt Service	Capital Projects	Non-Major Funds	
Revenues					
Property taxes	\$ 36,724,582	\$ 2,092			\$ 36,726,674
Intergovernmental revenues, consolidated taxes	19,457,174				19,457,174
Grants				\$ 865,263	865,263
Charges for services	1,912,010				1,912,010
Interest	14,165	353,783	\$ 118,866		486,814
Contributions				175,138	175,138
Miscellaneous	217,945			2,789	220,734
Total revenues	58,325,876	355,875	118,866	1,043,190	59,843,807
Expenditures					
Culture and recreation:					
Salaries and wages	24,798,416			271,992	25,070,408
Employee benefits	8,746,263			117,896	8,864,159
Supplies and services	9,479,987	31,475	2,348,079	607,973	12,467,514
Capital outlay	7,938,051		394,639	125,873	8,458,563
Debt service:					
Principal		6,035,000			6,035,000
Interest		1,594,150			1,594,150
Total expenditures	50,962,717	7,660,625	2,742,718	1,123,734	62,489,794
Excess (deficiency) of revenues over (under) expenditures	7,363,159	(7,304,750)	(2,623,852)	(80,544)	(2,645,987)
Other financing sources (uses)					
Transfers in			8,100,000		8,100,000
Transfers out	(8,100,000)				(8,100,000)
Net change in fund balances	(736,841)	(7,304,750)	5,476,148	(80,544)	(2,645,987)
Fund balances, beginning of year	17,893,241	37,948,394	10,632,399	461,109	66,935,143
Fund balances, end of year	\$ 17,156,400	\$ 30,643,644	\$ 16,108,547	\$ 380,565	\$ 64,289,156

General Fund

The General Fund is the operating fund for the District. It is used to account for all financial resources except for those required to be accounted for in another fund.

Actual General Fund

	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 36,300,000	\$ 36,300,000	\$ 36,724,582	\$ 424,582
Intergovernmental revenues, consolidated taxes	18,500,000	18,500,000	19,457,174	957,174
Charges for services	2,325,000	2,325,000	1,912,010	(412,990)
Interest	50,000	50,000	14,165	(35,835)
Miscellaneous	360,000	360,000	217,945	(142,055)
Total revenues	57,535,000	57,535,000	58,325,876	790,876
Expenditures				
Culture and recreation:				
Salaries and wages	25,742,290	25,742,290	24,798,416	943,874
Employee benefits	9,821,286	9,821,286	8,746,263	1,075,023
Supplies and services	11,414,238	11,414,238	9,479,987	1,934,251
Capital outlay	8,426,000	8,426,000	7,938,051	487,949
Total expenditures	55,403,814	55,403,814	50,962,717	4,441,097
Excess of revenues over expenditures	2,131,186	2,131,186	7,363,159	5,231,973
Other financing uses				
Transfers out	(8,100,000)	(8,100,000)	(8,100,000)	
Net change in fund balance	(5,968,814)	(5,968,814)	(736,841)	5,231,973
Fund balance, beginning of year	12,471,213	12,471,213	17,893,241	5,422,028
Fund balance, end of year	\$ 6,502,399	\$ 6,502,399	\$ 17,156,400	\$ 10,654,001

Capital Project Fund Projected Expenditures

Projected FY 2016-17 Thru FY 2022-23

	2015-16 Budgeted Expenditures	2016-17 Projected Expenditures	2017-18 Projected Expenditures	2018-19 Projected Expenditures	2019-20 Projected Expenditures	2020-21 Projected Expenditures	2021-22 Projected Expenditures	2022-23 Projected Expenditures
-To Capital Project Fund								
Integrated Library System Replacement Program	1,600,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Technology Replacements & Upgrades Program	2,355,000	1,195,000	1,370,000	3,700,000	3,100,000	1,070,000	1,070,000	1,070,000
Building Repair & Maintenance Program	3,864,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Vehicle Purchase & Replacement Program	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Library Materials Program	-		850,000					
Furniture Purchase & Replacement Program	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Capital Construction Program*	1,740,000	17,210,000	5,750,000	1,750,000	2,750,000	8,250,000	8,250,000	1,750,000
Total Capital Project Expenditures	10,009,000	20,955,000	10,520,000	8,000,000	8,400,000	11,870,000	11,870,000	5,370,000
*Capital Construction Program Detail:								
East Las Vegas Library	1,000,000	11,000,000	2,000,000					
Mesquite Library	540,000	4,460,000	2,000,000					
Mt. Charleston - Purchase Access Parcel	200,000							
Branch Renovation Projects (2020 Vision Master Plan)		1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000	1,750,000
Kyle Canyon Gateway Library					1,000,000	6,500,000	6,500,000	
Total Capital Construction Program	1,740,000	17,210,000	5,750,000	1,750,000	2,750,000	8,250,000	8,250,000	1,750,000

Las Vegas-Clark County Library District Budget Projections FY 2016-17 Through FY 2022-23

General Fund Revenue and Expenditures Analysis										
				4.20%	4.20%	4.50%	4.50%	4.50%	4.60%	4.60%
	Actual 2013-14	Actual 2014-15	Preliminary 2015-16	Projected 2016-17	Projected 2017-18	Projected 2018-19	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23
Revenue	57,178,239	58,325,876	60,215,000	62,744,030	65,379,279	68,321,347	71,395,807	74,608,619	78,040,615	81,630,484
Expenditures	48,338,486	50,962,717	59,467,633	62,140,034	64,763,477	67,510,838	70,459,373	73,546,795	76,779,877	80,165,727
Excess (Deficiency) of Revenues over Expenditures	8,839,753	7,363,159	747,367	603,996	615,803	810,509	936,434	1,061,824	1,260,739	1,464,756
Less transfers out	6,600,000	8,100,000	18,100,000	6,700,000	6,800,000	7,150,000	7,400,000	8,100,000	8,500,000	8,950,000
Excess (Deficiency) of Revenues over Expenditures & Transfers Out	2,239,753	(736,841)	(17,352,633)	(6,096,004)	(6,184,197)	(6,339,491)	(6,463,566)	(7,038,176)	(7,239,261)	(7,485,244)
Fund balance, beginning of year	15,653,488	17,893,241	17,156,400	6,503,767	6,507,763	6,523,566	6,584,075	6,520,509	6,582,333	6,543,072
Fund balance, end of year	17,893,241	17,156,400	(196,233)	407,763	323,566	184,075	120,509	(517,667)	(656,928)	(942,172)
Projected Savings			6,700,000	6,100,000	6,200,000	6,400,000	6,400,000	7,100,000	7,200,000	7,500,000
Fund balance, end of year Adjusted	17,893,241	17,156,400	6,503,767	6,507,763	6,523,566	6,584,075	6,520,509	6,582,333	6,543,072	6,557,828
			10.94%	10.47%	10.07%	9.75%	9.25%	8.95%	8.52%	8.18%
Capital Project Revenue and Expenditures Analysis										
Beginning Capital Projects Fund Balance			40,507,200	37,198,200	22,793,200	19,173,200	18,123,200	17,123,200	13,053,200	9,433,200
Less Budgeted/Projected Capital expenditures			10,009,000	21,205,000	10,770,000	8,450,000	9,100,000	12,570,000	12,570,000	4,620,000
Ending Capital Project fund Balance at June 30		15,377,200	30,498,200	15,993,200	12,023,200	10,723,200	9,023,200	4,553,200	483,200	4,813,200



Las Vegas-Clark County Library District Budget Projections FY 2023-24 Through FY 2030-31

							15 Yrs Out
4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%	4.60%
Projected 2023-24	Projected 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28	Projected 2028-29	Projected 2029-30	Projected 2030-31
85,385,486	89,313,218	93,421,626	97,719,021	102,214,096	106,915,944	111,834,078	116,978,445
83,711,808	87,425,948	91,316,366	95,391,688	99,660,966	104,133,702	108,819,868	113,729,932
1,673,678	1,887,270	2,105,260	2,327,333	2,553,130	2,782,243	3,014,210	3,248,513
9,100,000	10,200,000	10,600,000	11,400,000	11,700,000	12,300,000	13,000,000	13,000,000
(7,426,322)	(8,312,730)	(8,494,740)	(9,072,667)	(9,146,870)	(9,517,757)	(9,985,790)	(9,751,487)
6,557,828	7,131,506	7,118,776	7,124,036	7,051,369	7,104,499	7,086,741	7,100,951
(868,494)	(1,181,224)	(1,375,964)	(1,948,631)	(2,095,501)	(2,413,259)	(2,899,049)	(2,650,535)
8,000,000	8,300,000	8,500,000	9,000,000	9,200,000	9,500,000	10,000,000	10,000,000
7,131,506	7,118,776	7,124,036	7,051,369	7,104,499	7,086,741	7,100,951	7,349,465
8.52%	8.14%	7.80%	7.39%	7.13%	6.81%	6.53%	6.46%
13,913,200	19,493,200	25,473,200	32,253,200	39,333,200	47,013,200	55,393,200	63,773,200
4,620,000	4,620,000	4,620,000	4,620,000	4,620,000	4,620,000	4,620,000	4,620,000
9,293,200	14,873,200	20,853,200	27,633,200	34,713,200	42,393,200	50,773,200	59,153,200



Questions?

