

**MINUTES**  
**LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT**  
**BOARD OF TRUSTEES' FINANCE AND AUDIT COMMITTEE MEETING**  
**LAS VEGAS, NEVADA**  
**April 8, 2009**  
**(approved May 21, 2009)**

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, April 8, 2009.

**Present:** Committee: A. Aguirre, Chair  
K. Benavidez  
F. Barron, Board Chair (ex-officio)  
A. Arthurholtz  
K. Crear  
V. Davis-Hoggard

Counsel: G. Welt

Absent:

Staff: Daniel L. Walters, Executive Director  
Fred James, Deputy Director, CFO  
Numerous staff

Guests: Confirmed Trustee Michael Saunders

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

**Roll Call** All members listed above represent a quorum. Trustee Crear arrived at 12:16 p.m., Trustee Davis-Hoggard (not a committee member) arrived at 12:21 p.m.

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

**Discussion and possible Committee action regarding the FY 2009-2010 Tentative Budget submittal to the Department of Taxation and preparation for the May 21, 2009 budget hearing. (Item III.)**

Deputy Director, CFO Fred James discussed the FY 2009-2010 Tentative Budget. The Executive Council met to prepare recommendations for the preliminary General Fund budget for FY 2009-2010 and prioritized supplemental requests from staff for additional personnel, technology, equipment, maintenance and repairs, branch efficiency remodels, and the expansion of branches in underserved areas. James noted the adjustments made to the FY 2008-2009 Budget due to the lower-than-anticipated tax receipts. He also noted that he received tax projections from the County much later than in earlier years, making it more difficult to complete the Tentative Budget.

The Nevada Revised Statutes requires that the "Tentative Budget" be filed with the State Department of Taxation by April 15, 2009. 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 likely be adjusted based on the final revenue estimates expected to be received by May 11, as well as subsequent expenditures, for the District's Budget Hearing scheduled for May 21, 2009.

The proposed Tentative Budget reflects "hold the line" expenditures in order to allocate a portion of FY 2009-2010 General Fund revenue for future capital projects.

### ***FY 2009-2010 General Fund***

Mr. James explained that the General Fund represents the basic complement of services provided to the patrons of the Las Vegas-Clark County Library District and is the District's operating fund.

### **Revenues**

As compared to the amended FY 2008-2009 Budget, property tax is estimated to increase 0.9% or approximately \$430,000. Estimated Consolidated Sales Tax (CTX) is projected at a decrease of 5.9%, as compared to an 8.2% decrease for FY 08-09. Mr. James noted that in previous years, growth ran about 10-12%.

Property taxes (72%) and Consolidated Sales Tax (24%) account for 96% of all General Fund revenues. The remaining four 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 increase to 8.09 cents per \$100 of assessed valuation or by 3.7% over last year's operating of 7.80 cents. The difference between the two amounts is an increase in the District's SCCRT Loss Tax (NRS 354.59813). This difference will allow the District to generate approximately \$1.5 million that will be strictly used to make capital purchases in the Integrated Library System Replacement Program in the Capital Project Fund. As noted earlier, there may be additional adjustments depending upon final estimates from the county.

In response to a question from Trustee Aguirre, Mr. James noted that the projected revenue numbers come from Clark County, but the proposed expenditure figures are projected by Business Office staff from historical data.

Trustees Crear and Davis-Hoggard arrived during this part of the meeting.

### **Expenditures**

The proposed preliminary General Fund budget amounts to \$59.2 million, a 6.4%, or \$3.5 million increase as compared to FY 2008-2009.

Cost of living increases are budgeted at current contract levels, adjusted for a 1% increase in the Public Employees' Retirement System contribution rate, and contribute to an overall 3.5% increase in salaries and benefits. Mr. James noted that last year saw a large number of retirements with a correspondingly high amount of vacation and sick-time payouts. The large numbers of staff retirements were due to the

change in PERS policy to no longer subsidize eligibility for health care for retirees.

Committee members then discussed the changes in library staffing as staff projected an overall increase in staff during the FY 2009-2010 of only 1.32 FTE compared to approximately 3-5 FTE in previous years. In response to a question from Trustee Aguirre, Mr. Walters did say that staff looks at the staffing resources constantly and makes changes as necessary. Trustee Barron confirmed that a proposed position to be funded by the Las Vegas-Clark County Library District Foundation, Inc. is included in the 1.32 figure. Executive Director Walters noted that the overall increase of 3.5% in salaries and benefits does not include increases for exempt employees. Upper management staff will not receive COLA increases during the next budget year.

The FY 2009-2010 Tentative Budget proposes \$11.9 million in materials expenditures, an increase of 7.2% over current levels. The proposed materials appropriation amounts to 20% of the total General Fund budget, a Public Library Association standard that few urban libraries serving more than one million people are able to attain. In addition, \$620,460 is budgeted for equipment replacement, software, hardware, and facility repairs, a decrease of 1.2% over current levels.

Staff has proposed a transfer of approximately \$6.8 million out of the General Fund, with \$3 million going to the Capital Projects Fund and \$3.8 million going to the Debt Service Fund. The General Fund's ending fund balance is projected at \$3.7 million and amounts to 6.3% of the total budget.

Trustee Aguirre suggested that staff look at whether resources used for the Virtual Library such as e-books and other electronic materials can be used to replace books. Both Mr. Walters and Deputy Director Robb Morss discussed the services of the Virtual Library, noting that it funds other activities as well as e-books. Mr. Walters also noted that e-books and other electronic materials are funded out of the Collection Development budget. The Virtual Library records the use of on-line library materials such as e-audio, e-books and online databases through the District's website as well as the use of the website to renew library cards and request and renew books as well as obtain information about library programs and policies. The use has been increasing.

Committee members then discussed the proposed Departmental budgets and had questions on several areas.

The table on the next page shows the proposed FY 2009-2010 Tentative Budget as compared to the current year amended budget.

<b>Las Vegas-Clark County Library District 2009-10</b>				
	<b>Amended FY 2008-09 Budget</b>	<b>FY 2009-10 Preliminary Budget</b>	<b>Variance FY 2009-10 vs. FY 2008-09</b>	<b>Percent Increase (Decrease)</b>
<b>General Fund</b>	55,697,368	<b>59,247,380</b>	3,550,012	6.4%
<b>Special Revenue Funds:</b>				
Gift Fund	450,000	<b>550,000</b>	100,000	22.2%
Grant Fund	1,677,000	<b>1,600,000</b>	-77,000	-4.6%
Expendable Trust Fund	11,000	<b>11,000</b>	0	0.0%
<b>Capital Projects Fund</b>	32,328,200	<b>31,759,000</b>	-569,200	-1.8%
<b>Debt Service Fund</b>	7,035,281	<b>8,720,598</b>	1,685,317	24.0%
<b>Total</b>	<b>97,198,849</b>	<b>101,887,978</b>	<b>4,689,129</b>	<b>4.8%</b>

**Capital Projects Fund**

Mr. James said that the Capital Projects Fund was set up to accumulate funds for long-term projects and emergency repairs. A \$3 million transfer is proposed from the General Fund to be appropriated to the different programs within the Capital Projects Fund. The funds in the Capital Projects Fund underwrite the Integrated Library Systems Program, the Technology Replacement and Upgrade Replacement Program, Building Maintenance and Repair Program, the Capital Construction Program and the Library Materials Program. Mr. James briefly discussed the purpose of each program and went through the proposed FY 2009-2010 expenditures. The Library Materials Program is a new fund to accumulate funds for the opening day collection at the Southwest Library.

Trustee Aguirre asked if the opening day collection will be composed of all new materials. Mr. Morss answered that 40-50% of the opening day collection will be composed of existing materials culled from the other libraries in the District.

Trustee Davis-Hoggard noted that she understood that Clark County planned to do away with its Redevelopment Fund and the District is one of the entities slated to receive some of the money, approximately \$1 million. She asked if that could be added to the Capital Projects Fund for use in the Southwest Library project. Mr. Walters said, if the money were received, probably over a two year period at most, the amount would probably be added to the General Fund, where it can be allocated where needed.

The District obtained additional funding through Medium-Term financing for the design and construction of the Southwest Library and Service Center in March 2009. The financing provided a total of \$51.6 million.

Mr. Walters emphasized that the proposed \$3 million transfer from the General Fund to the Capital Projects Fund is lower than in several years. Transfers in the previous three years totaled \$11.7 million in FY 2006-2007, \$13.5 million in FY 2007-2008 and \$12.89 million in FY 2008-2009. The reasons for the lower transfer amount are not only due to the current economic downturn, but also due to the bond sale proceeds. The \$1.5 million premium the District received from the sale will be allocated to the Technology Replacement Program (\$500,000) and to collection development (\$1 million) which will relieve pressure on the General Fund and could not come at a better time.

Mr. Walters continued to say that any unallocated money in the Capital Projects Fund, other than the \$51.5 million, can be transferred back to the General Fund by the Board. The Fund was established to protect the General Fund from having to incur unanticipated capital projects and is a hedge for emergencies. While Walters does not suggest the Board do so, he wanted Trustees to understand the money is there.

Mr. Walters said that the FY 2009-2010 budget was being put together with a recognition of the dire constraints of local government but understanding that nothing is more important in the District's community than to keep libraries open. He noted that no District library is being closed and the hours will be the same as the previous year. He reiterated that exempt staff will not be receiving a pay increase. Due to outstanding labor litigation, he cannot accomplish that with the bargaining unit at this time.

#### **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 is estimated to be \$550,000 in FY 2009-2010. The Grant Fund of \$1,600,000 accounts for revenues and expenditures for monies received from state and federal grants. All grants are budgeted as funding is approved by the State.

Trustee Aguirre asked about the revenues received from the book sales and handled by the Foundation. Mr. James said that the revenues will go into the Gift Fund and the position expenses would be handled through the General Fund.

#### **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 debt service property tax rate generates revenue to pay principal and interest on bonds. 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 \$8.7 million for FY 2009-2010. In FY 2009-2010, the District proposes to transfer \$3.8 million from the General Fund to the Debt Service Fund.

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The Committee had no suggested changes so staff will prepare a FY 2009-2010 Proposed Budget that incorporates any necessary adjustments subsequent to the administrative filing of the FY 2009-2010 Tentative Budget with the Department of Taxation.

**Public Comment  
(Item IV.)**

None.

**Adjournment  
(Item V.)**

Chair Aguirre announced that the Latin Chamber of Commerce will present an award to Mr. Walters for his years of service to the community at their monthly luncheon on April 17. Trustees should contact the Executive Assistant if they would like to attend.

Chair Aguirre adjourned the meeting at 12:56 p.m.

Respectfully submitted,

Aldo Aguirre, Chair