

ITEM IV.A.

MINUTES
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT
BOARD OF TRUSTEES' FINANCE AND AUDIT COMMITTEE MEETING
LAS VEGAS, NEVADA
NOVEMBER 13, 2024
(Approved on February 13, 2025)

The Board of Trustees' Finance and Audit Committee of the Las Vegas-Clark County Library District met in regular session via Zoom at 11:00 a.m., Wednesday, November 13, 2024.

- Present:** Committee: K. Benavidez E. Foyt
K. Rogers, Chair N. Waugh, Ex-officio
K. Turner-Whiteley
- Board: E. Sanchez C. White
- Counsel: G. Welt
- Absent: None
- Staff: Floresto Cabias, CFO
- Guest: McKay Hall, Independent Auditor

N. Waugh, Ex-officio, called the meeting to order at 11:01 a.m.

- Roll Call** All members listed above represent a quorum. Appendix A.
- Public Comment (Item II.)** None.
- Agenda (Item III.)** Ex-officio Chair Waugh 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 2023-2024 Audit Report and recommend acceptance of the Fiscal Year 2023-2024 Audit Report . (For discussion only.) (Item IV.A.)** CFO Floresto Cabias introduced McKay Hall, who performed the audit of the financial statements for The Library District and its Non-Profit affiliates which include The Library District Foundation, and the Mesquite, East Las Vegas, and West Las Vegas QALICBs. He thanked Mr. Hall, Crimson Singleton, and the HintonBurdick audit team for their dedication, comprehensive review and high level of attention to detail and professionalism throughout the course of the audit. This provided the Financial Services team the transparency and clarity on where changes can be made to better improve our overall operations and processes. Floresto also thanked Martha Ford and the Financial Services team for all their hard work in preparation of the five audits and diligence in making sure the reports created all year were as transparent as possible for the audit team's review. Floresto introduced Mr. Hall and turned over the presentation to him.
- Mr. Hall thanked Floresto and the Financial Services team for their accommodation, transparency, professionalism, and dedication to provide

any clarification or information needed during the course of the audits and make sure any and all activity is processed and recorded properly. Mr. Hall's presentation goes on to shed light onto the process and parameters of an audit: What they do, the results, key indicators and 5-year trends for The District and its major funds.

Hall explained that the objective of an audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. He explained misstatements are considered material if there is a substantial likelihood that individually, or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements. The audit must be conducted based on the standards generally accepted in the United States of America. Because The District is a local government, we are also held to the standards applicable to governments which are contained in *Government Auditing Standards*; issued by the Controller General of the United States.

When the Audit begins, they start by taking a look at internal controls to better assess how things operate. The purpose of the financial audit is not to issue an opinion on internal controls but to better understand the financial information included in the financial statements and the accounting system, or that they are properly stated and materially correct. An understanding of the internal controls allows for the audit team to understand if the current internal controls are operating as designed. If issues are encountered where it is highly likely a material misstatement would be processed through the normal course of operations without being caught, addressed, and corrected, it would give rise to a material weakness finding. If conditions where internal controls are not as effective as they should be and it is likely that a material misstatement would be processed without being corrected, that gives rise to significant deficiencies.

Once internal controls are understood, then the financial information of The District is tested by going through the accounting system and following it through to the financial statements to make sure the information between the system and the statements are consistent. The information in the system and financial statements are also taken and tested through external analytical tests to tie through supporting statements and confirm them. If there are issues, they are communicated to management and the trustees as those charged with governance.

The Audit will allow transparency into ways to streamline and better process information. Or, identify small issues that could become bigger issues, that aren't material or significant but will compile over time and create inconsistencies.

Hall concluded the general audit parameter explanation and went into the results of the 2024 Fiscal year financial statements.

The District received an Unmodified or a clean opinion on the financial statements this year. Any material weakness and deficiencies were provided in the summary, or what is called the yellow book report. Hall

was happy to note that there were no significant deficiencies or material weaknesses in the course of this year's Audit.

The Library District is an organization that is federally funded by grants and has exceeded the minimum threshold of \$750,000 per year in funding in Fiscal year 2024 and must undergo a Single Audit per compliance and regulations. The Single Audit was given an Unmodified clean opinion.

The total Net position or the equity for Fiscal Year 2024 was \$231M as of June 30, 2024. The total net position increased 16M in comparison the prior year.

The Fixed assets and restricted assets were 135M and 71M, respectively. The Fixed assets account for infrastructure and capital assets are not easily liquifiable into cash. The restricted Net Position funds have requirements to meet with those resources, and are not as flexible or available as the Unrestricted Net position.

The Unrestricted Net position was 26M as of June 30, 2024. This number is important as this is liquid and flexible. This is what the organization has access to, to decide what to do with for The District to best meet its needs and move it forward.

For the 5-year trends, we look at the net position trends of the Fixed Assets, Restricted, and Unrestricted Net positions. As new Infrastructure is added the Fixed Assets position will increase, while depreciation of or disposing of other assets occur at the same time and will offset the increase. The previous 4 years were fairly consistent, while in FY24 it decreased as a result of various depreciation of assets owned. The decrease is not concerning, it's a natural occurrence in that position.

The District's net Investment in capital assets decreased and restricted net assets increased in 2024 due to the debt issued for West Las Vegas Library location and the capital assets still being constructed. Unrestricted net assets have maintained a positive balance over the last three years but decreased some due to the contributions towards the West Las Vegas Library Location.

The General fund is comprised of revenues and expenditures and transfers: Over time the purpose of The District is not to make money and gain profit. As such, the General Fund which is the main operating fund of the District should break even. There are times that resources need to be gathered based on expenditures. Over the last 5 years, the expenditures have remained below the revenue, which is good as the West Las Vegas Library is being constructed and the resources needed can build up and can be shifted over into the Capital Projects Fund. It can then be used to fund that activity and meet its capital needs.

The Library District's Foundation accumulates and provides resources to The District. Its expected expenses are expected to be reasonably consistent with its revenues in most years. In FY24, expenditures exceeded revenue by \$127K excluding a \$23M New Market Tax Credit grant from The District to facilitate the construction of the West Las Vegas

Library.

The funds in the Capital Projects Fund are usually from transfers from the General Fund. The General Fund's Transfer Out reports agree with the Capital Projects Transfers In. The Capital Projects balance usually stays fairly consistent until large capital projects start being built, in this case it would be the West Las Vegas Library.

The QALICB Fund was a major fund in FY2024 due to the new West Las Vegas QALICB which was created on January 23, 2024 as a result of New Market Tax Credit activity. For that fund in summary, which excludes capital assets and long-term liabilities: Total assets were \$31M, Total Liabilities were \$6M, and the Total Fund Balance was \$24M as of June 30, 2024.

Mr. Hall concluded that this summed up the results of the audit.

Floresto thanked Hall and pointed out that the New Markets credit has had a significant effect throughout the financials and will continue to do so for the next couple years. Staff is still pursuing New Markets funding for the West Las Vegas Project, under both the State and Federal programs. Floresto explained that the Net Positions that Mr. Hall walked through showed that overall, the Library District's Net position, or net assets, are positive and growing. However, there is a change in the Restricted versus Unrestricted Funds. Unrestricted Net Position decreased, because of contributions made for the WLV project. Floresto thanked the staff as there will be another large contribution from The District to The Library District Foundation in order to seek out these funds for New Markets under the state and federal programs. Floresto will be bringing an Agenda Item to the Board of Trustees tomorrow night to approve Resolutions to allow staff to move forward with seeking those funds. The contribution could be as much as \$20-25M, which would be going towards this program in order to yield a net benefit for the WLV project of anywhere between \$4M to \$6M. Floresto will speak more of this at the Board of Trustees Meeting, but it will have a budget effect. As we are now in FY25, where we are seeking New Markets funding, we didn't contemplate the amount of contributions necessary to achieve the amount of New Markets funding available there. This is something Floresto wanted to mention, and that everything that Mr. Hall walked through was positive, but the New Markets Project is an outlier that's having a significant impact on the financials.

Floresto turned it over to Dr. Rogers, who in turn, turned it over to the Board members and the committee members for any questions they may have regarding Mr. Hall's presentation of the Audit and Floresto's input.

E. Foyt had no questions and found the report comprehensive.

E. Sanchez asked if anyone from HintonBurdick would be available at the Board Meeting tomorrow to speak to our board. Floresto answered that Mr. Hall will be available and attending the Board of Trustees meeting remotely. The Agenda Item is currently on the Consent Agenda. Traditionally the Finance and Audit Committee reviews the presentation

and financial statements and the results of the audit and makes a recommendation to the full Board of Trustees to accept the results of the audit. That's the motion that will be in the Agenda today, however if one of the Trustees wants to discuss the results of the audit further, the Item will be available for discussion. Mr. Hall will be there to speak to the audit and Floresto will be there to answer any questions if any Trustees have questions about the audit or questions for Mr. Hall.

E. Sanchez thanked Floresto and remarked that she'd like to review the audit and its results further and would like to know if the presentation would be available for her review for her to take a look at, in the case she had questions for Mr. Hall at the Board Meeting she would have reference material.

N. Waugh, Ex-officio moved to accept the Fiscal year 2023-2024 Audit Report and recommend acceptance of the 2023-2024 Audit report as presented by the auditors at the Board of Trustees meeting on November 14, 2024. There was no opposition and the motion carried.

**Public Comment
(Item V.)**

None.

**Adjournment
(Item VI.)**

Trustee Rogers moved to adjourn the meeting. There was no opposition and the motion carried.

Respectfully submitted,

Dr. Keith Rogers, Committee Chair