



impact. The audit did not identify any deficiencies or material weaknesses in internal controls, though that is not the main focus of the audit. Mr. Farthing stated that BDO used specialists for certain aspects of the audit. There were no significant delays, difficulties, or contentious matters. BDO would obtain a management representation letter the next day. He affirmed that BDO is independent from the Library District.

Concluding his presentation, Mr. Farthing asked the Committee members if there were any questions.

As there were no questions, Trustee Waugh moved to accept the Fiscal Year 2020-2021 Audit Report and to recommend approval of the Fiscal Year 2020-2021 Audit, as presented by the auditors, at the Board of Trustees' Meeting on November 10, 2021.

There was no opposition and the motion carried.

**Update on the District's financials and update of projections. (For discussion only) (Item IV.B.)**

CFO Floresto Cabias displayed a Financial Services Update presentation detailing the District's financial status and an update of projections. He stated that he had had high expectations for the revenues heading into the end of Fiscal Year 2021, but some of the numbers, especially consolidated sales tax (CTX), were even higher than expected, at 24 million instead of between 23 and 23.5 million dollars. This was actually 6.4 million higher than budgeted. He recognized that the budgeted amount was conservative.

Property taxes also came in \$753,000 higher than budgeted.

Due to the District's due diligence and conservative approach to spending, there were significant savings in expenditures, especially in total personnel costs. This was due primarily as a result of the Voluntary Employee Separation Program (VESP), which cost 4.5 million – but savings in the personnel category came in at 2.7 million. He acknowledged the Teamsters Local 14 concessions as well as freezing open positions in contributing to the savings in this category.

The District also proactively scrutinized all contracts and other controllable expenditures, resulting in an additional 3 million in savings.

The District had allowed for the entire capital outlay budget to be spent in library materials, but 1.3 million dollars of that was unspent because the approach is not to exhaust the entire budget if it's not necessary.

This all combined for a total of 7 million in total savings. The additional revenues led to an Ending Fund Balance of 31 million at the end of Fiscal Year 2021, which was 16 million more than budgeted, and was, in fact, higher than adjusted expectations.

Mr. Cabias went on to expected revenues and expenditures for the current Fiscal Year, 2022. Only one month of CTX revenues were available for review at the time this financial update was prepared, but another CTX collection had since been received. Not only were the revenues higher than the same period in 2020, but they were higher than the same period in 2019, which was pre-pandemic. It is clear that CTX revenues have recovered, and are expected to continue through the current Fiscal Year. Although the first two months' average increase

of 30 percent higher than the same period a year ago is not expected to continue at the same rate, it does appear that projected CTX will be much higher than budgeted, and higher than more recent, adjusted expectations.

CTX revenues had dropped in 2020, due to pandemic-related economic closures. The federal stimulus, pent up demand, and the lifting of restrictions drove the increase in revenues. CTX is now projected to reach 26 million by the end of the Fiscal Year, instead of 25 million.

Trustee Wilson joined the meeting at 1:18 pm.

A graph showed property tax revenues continuing on a positive trend upward. Based on the way property taxes are levied and the current real estate market, property tax collections are expected to come in as budgeted, or higher.

CFO Cabias mentioned he and many of the Trustees had attended the VISTA Economic Outlook that morning, and the information presented by many experts, based on a wide range of analytics, supports the positive outlook the District is foreseeing.

CFO Cabias stated that while the District can't control revenues, it can control expenditures. Expenditures for July through September 2022 are lower than the prior two Fiscal Years. Fiscal Year 2020 expenditures were higher due to the VESP and expenses related to the pandemic, including personal protective equipment (PPE). Fiscal Year 2021 expenditures were lower due to the savings in personnel costs and controlled supplies and services expenditures. The VESP continues to pay dividends in the current Fiscal Year, and likely in future fiscal years.

The current estimate for the rest of Fiscal Year 2022 projects another 2.8 million in revenues compared to the original budget. Another 6 million is expected in savings in expenditures. There was 31 million in ending fund balance in the General Fund at the end of Fiscal Year 2021, and there will be 27 million at the end of Fiscal Year 2022.

Because there will be a surplus in excess of our minimum balance of 20 percent of expenditures to maintain a reserve in case of further economic downturns, more funds will be available to transfer to the Capital Projects Fund. The Capital Projects Fund balance dropped in Fiscal Year 2021, because transfers from the General Fund weren't made, as would have traditionally been done had there not been economic downturns and challenges. Expenditures were scaled down and limited to critical programs, as the District does not exhaust the budget whenever possible. The District strives to maintain consistent savings, so 2.7 million was saved during the full pandemic year, leaving a 7.9 million ending fund balance. In Fiscal Year 2022, the District plans to transfer 19 million to the Capital Projects Fund to replenish the reserves in critical programs, and also contribute to future projects. Almost 21 million Ending Fund Balance is expected by the end of Fiscal Year 2022. This is just in time for the implementation of the Playbook 2026 and other projects the District and Board have prioritized. CFO Cabias stated we are expected to add onto that balance in Fiscal Year 2023. He expects to be able to match or exceed

the 19 million transfer to the Capital Projects Fund, depending on the momentum of the economy, continued savings, and conservative spending practices, along with continued surplus of revenues – assuming that we don't face additional challenges. He acknowledged, as many of the experts at the VISTA Outlook did, that some challenges are likely in the longer term. He emphasized the importance of the budget approach, which has always allowed the District to stay resilient during financial challenges, while at the same time giving the District the opportunity to have the resources in place to fund critical projects and other priorities.

Mr. Cabias said he would be glad to answer any questions. Hearing none, Chair Rogers stated he felt it was a thorough, measured approach to the budget. It said it's great that the District is in a financially healthy condition, even through the pandemic, and that the Board is comfortable with the District, fiscally. Chair Rogers thanked Mr. Cabias and commended him on an outstanding job.

It was stated for the record that Trustee Ortiz had been in attendance during the entire meeting. He did not have any questions.

**Public Comment**  
**(Item V.)**

None.

**Adjournment**  
**(Item VI.)**

Chair Rogers adjourned the meeting at 1:28 p.m.

Respectfully submitted,

Dr. Keith Rogers, Committee Chair

# 2021 ATTENDANCE

November 9, 2021 Finance and Audit

## Appendix A

2021		January 8 Special Board Mtg	January 21 Regular Board Mtg	February 18 Regular Board Mtg	March 11 Regular Board Mtg	March 23 Emergency Brd Mtg	April 8 Finance and Audit	April 8 Regular Board Mtg	May 20 Regular Board Mtg	June 5 Special Board Mtg	June 10 Risk Management Cmte	June 10 Nominating Cmte Mtg	June 10 Special Board Mtg	June 25 Regular Board Mtg	June 25 Board Retreat	July 6 Emergency Board Mtg	July 8 Regular Board Mtg	September 9 Regular Board Mtg	October 14 Regular Board Mtg	November 9 Finance and Audit
Benavidez	Kelly	P	P	P	P	P	P	P	P	P			A-E	P	P	A-U	A-U	P	P	A-E
Bilbray-Axelrod*	Shannon	P	P	P	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
Francis Drake**	Marilyn	P	P	P	P	P	P	P	X	X	X	X	X	X	X	X	X	X		
Foyt	Elizabeth	P	P	P	P	P	P	P	P	P	A-E		A-E	P	P	P	P	P	P	
Meléndrez	José	P	P	P	P	A-E	A-E	A-E	P	P			A-E	P	P	P	P	P	A-U	
Ortiz	Felipe	P	P	P	P	P	P	P	P	P	P	P	P	P	P	A-U	P	A-E	A-E	P
Wadley-Munier*	Robin	P	P	P	P	P	P	P	X	X	X	X	X	X	X	X	X	X		
Ramaker	Sandra	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Wilson	Brian	P	P	P	P	A-E	A-E	A-E	P	P	P	P	P	P	P	P	P	P	P	P
Rogers	Keith	A-E	P	P	P	P	P	P	P	P			P	P	P	P	P	P	P	P
Waugh**	Nathaniel	X	X	X	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Jiron****	Jennifer	X	X	X	X	X	X	X	P	P	P	P	P	P	P	P	P	P	P	
Turner Whiteley	Kate	X	X	X	X	X	X	X	P	P			P	P	P	A-E	A-E	P	P	

attended Committee meeting but not a member

A-E Excused Absence  
 A-U Unexcused Absence