LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT BOARD OF TRUSTEES' FINANCE AND AUDIT COMMITTEE MEETING LAS VEGAS, NEVADA APRIL 11, 2022 (Approved April 21, 2022)

The Board of Trustees' Finance and Audit Committee of the Las Vegas-Clark County Library District met in regular session via Zoom at 3:00 p.m., Monday, April 11, 2022.

Present:	Committee:	K. Rogers, Chair S. Ramaker	N. Waugh B. Wilson, ex-officio
	Board:	J. Melendrez	
	Counsel:	G. Welt	
	Absent:	K. Benavidez	
	Staff:	Floresto Cabias, CFO	
		meeting to ender at 2,00 m m	

K. Rogers, Chair, called the meeting to order at 3:00 p.m.

Roll Call All members listed above represent a quorum. Appendix A.

Public CommentNone.(Item II.)

AgendaTrustee Wilson moved to approve the Agenda as proposed. There was
no opposition and the motion carried.

Discussion regarding the Fiscal Year ending June 30, 2023 Tentative Budget submittal to the Department of Taxation and preparation for the May 19, 2022 Budget Public Hearing. No action will be taken. (Item IV.) Chair Rogers stated that this Item was for discussion only, and introduced CFO Floresto Cabias, who began by displaying a summary of the District's total revenue projections for All Funds for Fiscal Year 2023. General Fund revenues increased by 18 percent. The Special Revenue Funds – Grant and Gift Fund – budgets were set to cover any potential grants and gifts the District expected to receive. The budgets were increased due to the District's efforts to increase other sources of funding in the coming Fiscal Year.

General Fund expenditures for Fiscal Year 2023 increased by 6 percent. Budgeted expenditures for the Capital Projects Fund nearly doubled, to accommodate construction and other capital projects that have been deferred the last couple of years during the pandemic.

General Fund revenues increased due to rising property tax (11 percent) and consolidated sales tax (CTX) (32 percent) collections.

CFO Cabias explained that there are "caps" in place that dictate that property taxes for existing real estate cannot increase more than three percent for residential property, and eight percent for nonresidential property. The 11 percent increase shows that new parcels are being built, which generate higher property taxes that are not "capped," resulting in a \$6 million increase.

The CTX increased by 32 percent compared to the prior Fiscal Year budget, higher than the conservative estimate of the \$23.4 million budgeted for Fiscal Year 2022. The District now expects to receive about

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\$30 million in Fiscal Year 2022. The budget for 2023 has been increased three percent above the current Fiscal Year 2022 estimate.

General Fund expenditures include a three percent increase in salaries due to scheduled pay increases. Positions have been filled slowly and strategically to meet evolving needs while controlling savings. Benefits increased by seven percent, because multiple part time positions have been consolidated to create full time positions, which then incur costs for benefits.

Services and Supplies increased 11% due to lifting restrictions and the offering of more programs and other services.

Library Materials is budgeted at 15% of total expenditures as usual, which is sufficient even with increased purchasing of electronic media materials.

The Ending Fund Balance of the General Fund is a source of liquidity and provides flexibility during economic downturns, and/or funding for construction projects. The increased revenues and savings have resulted in an Ending Fund Balance of 20 percent of expenditures, whereas five to ten percent is considered a healthy financial cushion. This Ending Fund Balance is after a transfer of \$34 million from the General Fund to the Capital Projects Fund. This is possible because of higher than expected revenues, prudent budgeting and cost containment, and the fact that no funds were transferred from the General Fund to the Capital Projects Fund in Fiscal Year 2021. The pandemic started in 2020, causing economic uncertainty. Although a \$34 million transfer may seem high, the District is aware that things can change, such as a potential recession, inflation, and/or labor shortages. The failsafe is that the entire amount does not have to be transferred. The Capital Projects Fund budget can be reduced in coming years to meet needs of the General Fund, and still meet critical needs in the Capital Projects Programs. In Fiscal Year 2020, a \$6 million transfer to the Capital Projects fund was budgeted, but only \$3 million was actually transferred to meet critical needs in the Technology Replacements and Building Repairs and Maintenance Programs. \$3 million was kept in the General Fund for Operating expenses, including funding for the VESP program, which ultimately contributed to savings.

The Capital Projects Fund Balance for the end of Fiscal Year 2022 is \$22.9 million. Funding for critical Technology Replacements and Building Repairs and Maintenance Programs has been replenished for one or two years' worth of needs. In addition, \$4 million in transfers is budgeted in each of those programs in Fiscal Year 2023, covering needs for Fiscal Year 2023 and building reserves for future years. \$25 million is budgeted for Capital Construction, which is enough for groundbreaking for a new building and other known upcoming expenses. The Ending Fund Balance in the Capital Construction Program will be \$29.7, after \$4 million in expenditures in Fiscal Year 2023.

CFO Cabias opened the floor for questions; there were none.

Chair Rogers asked for ongoing presentations of Fiscal Year 2022 actual expenditures vs. the Fiscal Year 2022 budget, and the Fiscal Year 2023 budget, to be included in future Finance and Audit Committee meetings.

Similar to the current presentation, with an additional column for actualto-date expenditures, beginning with a Finance and Audit Committee meeting in July, showing actual figures through May.

Public Comment (Item V.)	None.
Adjournment (Item VI.)	Chair Rogers adjourned the meeting at 3:18 p.m.

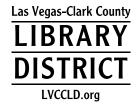
Respectfully submitted,

Dr. Keith Rogers, Committee Chair

Appendix A 2022 FINANCE & AUDIT COMMITTEE MEETING ATTENDANCE

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Benavidez	Kelly	A-U	A-U	
Foyt	Elizabeth			
Melendrez	Jose	Р	Р	
Ortiz	Felipe	Р		1
Ramaker	Sandra	Р	Р	1
Wilson	Brian	Р	Р	
Rogers	Keith	Р	Р	
Waugh	Nathaniel	Р	Р	1
Jiron	Jennifer			
Turner Whiteley	Kate			

Р	Present
A-E A-U	Excused Absence
A-U	Unexcused Absense
	Attended Committee meeting but not a member
	Term Ended



TENTATIVE/ PROPOSED BUDGET

Fiscal Year 2022-2023

Presented by Floresto Cabias, Chief Financial Officer

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FY 2023 Total Revenues

All Funds

FY 2023 vs. FY 2022 Revenues				
			Variance FY 2023	
	FY 2022	FY 2023	vs.	Percent
	Budget	Budget	FY 2022	Increase
General Fund	78,310,000	92,058,000	13,748,000	17.56%
Special Revenue Funds:				
Gift Fund	815,000	1,000,000	185,000	22.70%
Grant Fund	1,800,000	2,500,000	700,000	38.89%
Capital Projects Fund	30,000	150,000	120,000	400.00%
Debt Service Fund	10,000	10,000	-	0.00%
Total	80,965,000	95,718,000	14,753,000	18.22%

- The General Fund increase is primarily due to property taxes and consolidated sales taxes
- The Special Revenue Funds increases allows more spending for higher potential gifts and grants

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FY 2023 Total Expenditures

All Funds

FY 2023 vs. FY 2022 Expenditures				
	FY 2022	FY 2023	VS.	Percent
	Budget	Budget	FY 2022	Increase
General Fund	71,811,599	76,047,444	4,235,845	5.90%
Special Revenue Funds:				
Gift Fund	815,000	1,000,000	185,000	22.70%
Grant Fund	1,800,000	2,500,000	700,000	38.89%
Capital Projects Fund	5,941,500	11,692,221	5,750,721	96.79%
Debt Service Fund	10,000	10,000	-	0.00%
Total	80,378,099	91,249,665	10,871,566	13.53%

- The General Fund increase is primarily due to personnel costs
- The Capital Projects Fund increase is due to continuing projects deferred during the pandemic and expenditures for construction

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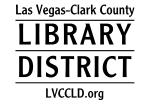
FY 2023 Total Revenues

General Fund

			Variance FY 2023	Percent
	FY 2022	FY 2023	vs.	Increase
	Budget	Budget	FY 2022	(Decrease)
Revenues:				
Property Taxes	53,100,000	59,198,000	6,098,000	11.48%
Consolidated Tax	23,400,000	31,000,000	7,600,000	32.48%
Charges for Services	500,000	500,000	-	0.00%
Fines and Forfeits	500,000	500,000	-	0.00%
Miscellaneous Revenue	790,000	810,000	20,000	2.53%
Investment Income	20,000	50,000	30,000	150.00%
Fotal	78,310,000	92,058,000	13,748,000	17.56%

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- Property Tax Revenues continue to trend upward
- The \$23.4M budgeted for CTX in FY 2022 is a conservative estimate calculated by the State of Nevada
- FY 2023 CTX of \$31M is 3% higher than the current FY 2022 estimate of \$30M



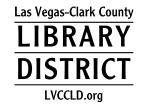
FY 2023 Total Expenditures

General Fund

			Variance	
		Preliminary	FY 2023	
	FY 2022	FY 2023	VS.	Percent
	Budget	Budget	FY 2022	Increase
General Fund				
Expenditures:				
Salaries	32,562,438	33,541,019	978,581	3.01%
Benefits	13,125,445	14,062,191	936,746	7.14%
Services and Supplies	15,356,409	17,091,234	1,734,825	11.30%
Library Materials	10,767,307	11,353,000	585,693	5.44%
Total	71,811,599	76,047,444	4,235,845	5.90%

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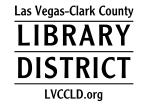
- Salaries and benefits reflect pay increases effective July 1, 2022
- FY 2023 Services and Supplies expenditures increased to support operations adjusting to lifted restrictions
- Library materials represents 15% of total budgeted expenditures



Ending Fund Balance

General Fund Budget

- Ending Fund Balance is budgeted at \$15.3M in FY 2023, which is 20% of expenditures
 - This ending fund balance is after transfers to the Capital Projects Fund of \$34M for construction and other projects
 - The ability to transfer \$34M resulted from making no transfers in FY 2021, higher than expected revenue collections, and expenditure savings in FY 2021 and FY 2022
- Provides liquidity for cash outflows
- Acts as a cushion during economic downturns



Capital Projects Fund Transfers In and Budgeted Expenditures FY 2022-2023

	6/30/2022	FY 2023	FY 2023	FY 2023	6/30/2023
	Estimated Ending	Transfers from	Budgeted	Budgeted	Budgeted Ending
Capital Program	Funding Balance	General Fund	Revenues	Expenditures	Funding Balance
Technology Replacements and Upgrades	5,532,013	4,000,000		(3,102,000)	6,430,013
Building Repair and Maintenance	6,405,142	4,000,000		(3,175,221)	7,229,921
Vehicle Purchase and Replacement	658,694			(150,000)	508,694
Furniture Purchase and Replacement	706,243			(75 <i>,</i> 000)	631,243
Financial Services	579,688			(305,000)	274,688
Community Engagement/Programming and Venues	512,560	1,000,000		(885 <i>,</i> 000)	627,560
Capital Construction	8,550,743	25,000,000	150,000	(4,000,000)	29,700,743
TOTAL	22,945,083	34,000,000	150,000	(11,692,221)	45,402,862

- In FY 2022, expenditures focused on shorter-term projects while building a reserve for longer-term projects
- In FY 2022, transfers from the General Fund replenished reserves in the Technology Replacements/Upgrades and Building Repair/Maintenance Programs
- In FY 2023, expenditures will focus on long-term projects, and resuming short-term projects postponed due to the pandemic

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Thank you!