

# ITEM IV.A.

**LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT  
BOARD OF TRUSTEES' FINANCE AND AUDIT COMMITTEE MEETING  
LAS VEGAS, NEVADA  
SEPTEMBER 9, 2024  
(Approved November 14, 2024)**

The Board of Trustees' Finance and Audit Committee of the Las Vegas-Clark County Library District met in regular session via Zoom at 2:00 p.m., Monday, September 9, 2024.

**Present:** Committee: N. Waugh, Ex-officio  
K. Benavidez

Board: K. Dutkowski  
E. Sanchez

Counsel: G. Welt

Absent: K. Rogers, Chair  
E. Foyt  
K. Turner-Whiteley

Staff: Floresto Cabias, CFO

N. Waugh, Ex-officio, called the meeting to order at 2:00 p.m.

**Roll Call** Appendix A.

**Public Comment  
(Item II.)** None.

**Agenda  
(Item III.)** Ex-officio Chair Waugh noted there wasn't a quorum to approve the agenda. However, the meeting was for discussion only, and Counsel confirmed a quorum wasn't needed.

**Update on the  
District's financial  
operations. (For  
discussion only.)  
(Item IV.A.)** CFO Floresto Cabias stated he wanted to provide the financial update since Fiscal Year 2024 (FY24) ended on June 30, 2024. He began by going over the New Markets Job Act (NMJA). In March, staff had closed a New Markets transaction for the West Las Vegas Library project at a net benefit of \$6.5 million of New Markets funding going towards the costs of the project. He explained that the NMJA program is the Nevada State version of the New Markets program. District staff and its partners have been actively pursuing funds under the State program. CFO Cabias introduced Ryan Kenter and Troy Villafarra of Crescent Growth Capital, which has been a partner for the last seven years, promoting the East Las Vegas, Mesquite, and West Vegas projects. The firm has been instrumental in establishing partnerships with community developments entities (CDEs) across the country.

Mr. Kenter reiterated the firm had been a consultant on the first three New Market Tax Credit (NMTC) transactions. They have actively been working

with potential State CDEs, and when the CDEs were notified of the awards the last week in July, they began sending Letters of Intention (LOIs).

The goal for the State program was to close \$28 or \$29 million in allocation authority, which he explained would potentially translate to roughly \$2.8 to \$3.8 million in subsidy for the District. At this point, 13 LOIs have been secured at \$2.23 million each.

He explained that when the awards were announced, 19 CDEs were designated to split \$170 million in allocation pro rata, so \$8.9 million each. No more than 25 percent could go into one deal, so on \$8.9 million, \$2.23 million could go into one deal, which was how 13 CDEs could put in \$2.23 million each.

Those LOIs have already been executed by the District and the deposits are funded, and closed in March. Crescent's goal is to potentially secure additional Federal allocation of \$12 to \$15 million. The Federal awards are slated to be announced in the next month. If we get LOIs on the Federal side, we would have State and Federal funding. If there is a \$15 million Federal allocation with a 15 percent net benefit to the District, it would be about \$2.25 million. The goal for closing that would be December or January, although a firm date hasn't been set. A lot of the related tasks had already been completed with the March closing, so that plus the fact that the West Vegas Library is already under construction will help expedite the State closing.

CFO Cabias pointed out that the Nevada State program is new to the District and this is the first time we are participating. The West Las Vegas project was well regarded and is attractive to a lot of CDEs and investors. Although we are confident, we are still answering questions to ensure that we can participate, and to what extent. The CDEs are still awaiting approval from the Department of Business and Industry to verify they have allocations secured.

Mr. Kenter explained the formal award letters will go out in the next week. At that point the CDEs will work with the investor who buys the State credits, in this case, U.S. Bank. They then have to go through the NMTC logistics, and should be finalized around October 6<sup>th</sup>.

CFO Cabias explained that a lot goes into closing one of these transactions. The recent West Las Vegas closing was a partnership with four CDEs and all of their representation from consultants to counsel to financial institutions. This time, there are 13 CDEs involved. He is confident that Crescent Growth and all the other partners will work together to minimize costs. It could be costly because so many organizations will be working on the transaction, but there would still be a great net benefit. The District is still doing its due diligence and answering questions.

The Trustees did not have any questions, but appreciated the information.

Trustee Benavidez joined the meeting.

CFO Cabias moved on to an update of the financial statements for FY024. Staff has been preparing for the financial statement audit, and the audit would begin this week.

He explained the Consolidated Sales Tax (CTX) revenues had been flat the last couple of years, and continuing into next year's budget. It was \$31.2 in FY24, \$1 million over the amount received in FY23 - but slightly under the \$31.4 million budgeted for FY24. \$31.6 is projected for FY25. Staff and its peers haven't seen any red flags in reviews of current economic indicators. When we receive the first CTX payment of FY25 this September (for July - there is a two-month lag), and compare it to the same time last year, we'll have a good indication of the trend, and how to plan going forward. Staff always monitors this revenue closely throughout the year.

In FY24, the District received \$63.5 million in property tax revenues, a nine percent increase from FY23, or three percent higher than what was projected. The FY25 budget is \$68.6 million, another \$5 million increase.

The increase in FY24 was due to new construction coming in at a higher assessed value than expected. This is expected every year. Tax rates are levied a year in advance. The taxes are due whether or not they are collected. Over the years, Southern Nevada property taxpayers have been very resilient, and there's nothing to indicate concern in collecting the property taxes.

Depending on the amount of new construction during the new Fiscal Year, property tax revenues could be higher than projected, just like FY24.

There were savings in expenditures of at least 10 percent in every category in the General Fund. There was a savings of \$5.8 million in salaries and employee benefits due to the vacancy factor. The budget includes staffing at 100 percent, but there are vacancies throughout the year, resulting in savings.

Services and Supplies were under budget by 13 percent across the board.

The District budgets 15 percent of the budget for Capital Outlay for library and media materials, but we only purchase what is necessary to maintain a well-rounded collection. \$11.9 million was spent, which was \$1.2 million less than budgeted.

In summary, revenues were \$3.8 million over the budgeted amount. Savings compared to budget expenditures were \$9.5 million. We were comfortably able to transfer \$16 million from the General Fund to the Capital Projects Fund, and still have an Ending Fund Balance of \$27.3 million, which is about 35 percent of total expenditures for the year. Our practice has been to maintain a minimum Ending Fund Balance of 15 percent of total expenditures, so we are \$15 million over that, and even more is expected in the FY25 budget. A \$16.5 million transfer from the General Fund to the Capital Projects Fund is expected in FY25.

In FY23, revenues in the Capital Projects Fund were \$3.6 million, partly from the NMTC program, and the rest was from above-average return on

investments. Because the District has been accumulating reserves in the fund over time in order to build the West Las Vegas Library, we have invested when interest rates have been high, resulting in greater returns. Since interest rates are expected to go down, reserves will lessen, but that will be staggered over time. We are still expecting over \$1 million in interest in FY25.

Capital Projects expenditures were \$28.9 million - \$5.4 million under budget. Although it looks as if Supplies and Services were over budget, and Capital Outlay was under budget, that is just because of accounting. Expenditures in Supplies and Services were actually for construction costs, and will be capitalized. With the transfer of \$16 million from the General Fund, the Ending Fund Balance of the Capital Projects Fund was \$46.7 million. The reserves are earmarked for two Capital Programs in particular, Building Maintenance and Technology Replacements, for which two years of reserves are budgeted, or about \$7 million each. Much of the remaining balance after that will go toward the West Las Vegas Library project, leaving a much smaller Ending Balance. Therefore, we need to allot funds from the General Fund to the Capital Projects Fund every year.

Although projections look healthy in the near term, there is a trend of expenditures increasing at a higher rate than revenues from five years out going forward. Staff is keeping a close eye on everything. Although it's been difficult projecting years out ever since the pandemic, stability is increasing. Staff has always done a good job of controlling costs, which is the one thing we can actively control. No new positions were created in the FY25 budget, to build reserve for the West Las Vegas Library, which is scheduled to open next September. So, although the Ending Fund Balance looks high, we still to seek out other funding for this and other upcoming projects.

Through our relationship with the Library District Foundation, we receive fundraising through the Gift Fund. Mr. Cabias showed a summary of the Gift Fund activity for FY24, which he would also include in the September Board of Trustees Financial Services report. Contributions to the Gift Fund were \$320,000, and there were about \$270,000 in expenditures. He explained that the Gift Fund is different from the Grant Fund because there is no time limit to spend the money.

The District reimbursed the Foundation in the amount of \$143,000, which was the largest portion of activity in the Gift Fund. CFO Cabias stated that questions about the cash flow through the bookstores had come up during the recent Foundation Board of Directors meeting, so he wanted the District Trustees to also be aware. Projects or programs supported by the Foundation are funded primarily by bookstore sales. There are several bookstores throughout the District, primarily operated by District staff. There is a volunteer coordinator, and one Foundation staff member at the Sahara West branch. There are a lot of bookstore sales throughout the District, which are transferred to the Foundation monthly.

Counsel Welt asked for more info about the Foundation employee. CFO

Cabias explained that the Foundation employee runs the Sahara West bookstore, and supervises the warehouse, where all of the materials are sorted and distributed for sale across the District. He works in conjunction with the volunteers, who are supervised by District staff, as well as working with other District staff since volunteers aren't always available. The Foundation has had this employee for over five years.

CFO Cabias explained that the Foundation supports many District programs, primarily from the bookstore sales. There is a surplus of the amount that is transferred to the Foundation monthly, compared to what the District draws down. As events occur, the District pays up front, then reimburses the Foundation. The District requested \$143,000 in reimbursements for programs, \$108,000 under what was transferred to the Foundation in bookstore sales revenues. The Foundation accumulates a comfortable amount of cash above what is used by the District.

The District also requests funding from the Foundation for other projects throughout the year. For example, the My First Library program, which provided books for babies for Sunrise Hospital. The District requested \$50,000 for that program, which was approved by the Foundation's Board. Even then, there is accumulation of a reserve balance on the Foundation's books.

Some of the Gift Fund donations are reserved for specific purposes for the District. Otherwise, they are unrestricted, and can be used for any purpose of the Foundation, such as overhead.

There was discussion at the Foundation Board meeting regarding the cash flows and what is restricted and unrestricted. The details will be further clarified throughout the Foundation audit. CFO Cabias explained that the Foundation used to have a separate auditor, but now, the District's auditor is also auditing the District's affiliates: the Foundation and the QALICBs. The District has only been preparing the Foundation's financial statements since 2023. Prior to that, outside bookkeepers maintained the Foundation's financial records. The District is now becoming more involved in the nuances of the Foundation's finances and has been helping to answer questions of the Foundation's Board. The auditors are evaluating the financial statements, and will soon be able to offer their opinions.

Trustee Sanchez asked about restricted vs. unrestricted funds. She said the Foundation and District can work together to decide what to fund when gifts are unrestricted, as was the case with funding the Homework Help Centers in the past. Gifts are restricted based on whether the donor states it is to be used for a specific branch or purpose. If not, they are unrestricted and can be used for any purpose. CFO Cabias explained that currently, bookstore sales are considered restricted, but gifts from other sources could be either restricted or unrestricted. Since the District hasn't been involved in the Foundation's books previously, the auditors have been asked to focus in and evaluate this subject, as many gifts have been comingled throughout the years. So the question is whether the reserves

are restricted or not.

There were no further questions. Trustees thanked CFO Cabias for the presentation and information.

**Public Comment  
(Item V.)**

None.

**Adjournment  
(Item VI.)**

Ex-officio Chair Waugh adjourned the meeting at 2:37 p.m.

Respectfully submitted,

Nathaniel Waugh, Ex-officio Committee Chair

# 2024 ATTENDANCE

		2024																					
		January 11 Regular Board Mtg	February 12 Finance and Audit Comm. Mtg	February 15 Regular Board Mtg	February 28 Special Board Mtg	March 11 Naming Committee Mtg.	March 14 Regular Board Mtg	April 10 Finance and Audit Comm. Mtg	April 11 Regular Board Mtg	May 6 Special Board Mtg	May 23 Regular Board Mtg	June 13 Nominations Comm. Mtg	June 13 Risk Management Comm. Mtg	June 13 Regular Board Mtg	July 11 Regular Board Mtg	AUGUST	September 9 Finance and Audit Comm Mtg						
Waugh	Nathaniel	P		P	P	P	P	P	P	P	P	P	P	P	P		P						
Rogers	Keith	A	P	A-E	A-E	P	P	P	P	P	A-E	P		P	P		A						
Jiron	Jennifer	P	P	P	P		A-E		P	P	P	P	P	P	P		A						
Turner Whiteley	Kate	P	P	P	P		A-E	P	P	P	P	P		P	A-E		A						
Foyt	Elizabeth	A-E		P	P		P	A	P	P	P	P	P	P	P		A						
Ortiz (Term Ended 7/11/24)	Felipe	P		P	P		P	P	P	P	P	P	P	P	P								
Benavidez	Kelly	A-E	P	P	P	P	P	P	P	P	P			A-E	A-E		P						
Sanchez	Elaine	P		P	P		P		P	A-E	P	P	P	P	A		P						
Dutkowski	Karen	P	P	P	P	P	P		P	P	P	P	P	P	P		P						
White (Term Began 7/16/24 )	Claytee																						
Jimenez (Term Began 8/7/24)	Aranzazu																						
Shelton (Term Ended 4/9/24)	Chris	P		P	A-E	P	P		P														

P	Present
A-E	Excused Absence
A-U	Unexcused Absence
	Attended Committee meeting but not a member
X	Term Ended/ New