

MINUTES
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT
BOARD OF TRUSTEES' FINANCE AND AUDIT COMMITTEE MEETING
LAS VEGAS, NEVADA
APRIL 8, 2021
(Approved May 20, 2021)

The Board of Trustees' Finance and Audit Committee of the Las Vegas-Clark County Library District met in regular session in the East Las Vegas Library, Las Vegas, Nevada, and via Webex at 4:30 p.m., Thursday, April 8, 2021.

Present: Committee: F. Ortiz, ex-officio – Chaired the meeting
K. Benavidez, via Webex K. Rogers, via Webex
R. Wadley-Munier N. Waugh

Board: E. Foyt
M. Francis Drake
S. Ramaker

Counsel: G. Welt, via Webex

Absent: B. Wilson, Chair

Staff: Kelvin Watson, Executive Director
Floresto Cabias, Acting Financial Services Director/CFO
Numerous Staff

F. Ortiz, Chair, called the meeting to order at 4:02 p.m.

Roll Call All members listed above represent a quorum. Committee Chair Wilson had a family emergency and was excused. Appendix A.

Public Comment (Item II.) None.

Agenda (Item III.) Trustee Wadley-Munier moved to approve the Agenda as proposed. There was no opposition and the motion carried.

Discussion regarding the Fiscal Year Ending (FYE) June 30, 2022 Tentative Budget submittal to the Department of Taxation and preparation for the May 20, 2021 Budget Public Hearing. No action will be taken. (For discussion only). (Item IV.) Background: The Nevada Revised Statutes require that the Tentative Budget be filed with the State Department of Taxation by April 15, 2021. 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 be adjusted according to the final revenue estimates expected to be received in early May, as well as subsequent expenditures, for the Las Vegas-Clark County Library District's Budget Public Hearing scheduled for May 20, 2021.

Chair Ortiz reiterated this item is a discussion regarding the Fiscal Year (FY) 2022 Tentative Budget, which is submitted to the Department of Taxation in preparation for the May 20, 2021 Budget Public Hearing. Public comment will be allowed at the Public Hearing.

Acting Chief Financial Officer Floresto Cabias introduced himself and explained the Tentative Budget had already been discussed with many of the Board of Trustees, and this presentation was to highlight the

Minutes - Board of Trustees' Finance and Audit Committee Meeting

April 8, 2021

Page 2

points that were discussed. He encouraged Committee members and Trustees to ask questions at the end of the presentation.

Mr. Cabias explained he would begin by referring back to FY 2020, when the District started preparing for the effects of the global pandemic. Businesses had started shutting down, and steps were taken to mitigate the concerns about Consolidated Sales Tax (CTX) revenues and the possibility of a potentially significant economic downturn. Mr. Cabias said he would then provide a FY 2021 financial status update in order to show how the FY 2022 budget was prepared.

Mr. Cabias said a review of FY 2020 shows what the District is capable of when facing a financial crisis, which has also been demonstrated previously. While the effects of the pandemic began in mid-March of 2020, by the end of the FY, June 30, 2020, there was already a large increase in the District's Ending Fund Balance (EFB), which was achieved by lowering transfers to the Capital Projects Fund from \$6 million to \$3 million and freezing costs when possible, including contracts and freezing vacant positions. An additional \$1 million was saved by decreasing expenditures in Library Materials and Services and Supplies.

Mr. Cabias noted that fortunately, due to Federal stimulus, unemployment benefits, and a moratorium on evictions, the economy has fared better than anticipated. CTX did not decline, and the District collected an additional \$1.7 million in CTX revenues. All these elements contributed to a higher EFB going into FY 2021.

Mr. Cabias explained that during the preparation of the FY 2021 Tentative Budget, CTX revenues were projected at \$25.5 million. Due to the unknown nature of the revenues during the pandemic, the estimate was decreased to \$17.8 million. Fortunately, CTX revenues have come in higher than expected every month, and April and May CTX are expected to be even higher. Even with businesses currently at a 50 percent capacity limit, the revenues will actually be higher than last year, because businesses were closed this time last year. The current estimate for FY 2021 CTX revenues is \$22 million, which is \$4 million higher than budgeted. Those additional revenues will contribute to a higher EFB for FY 2021.

FY 2021 EFB was projected at \$15 million, which is 20 percent of total expenditures and is considered a healthy reserve, especially during an economically challenged environment. Now, the EFB is projected at \$26 million. The decrease in Services and Supplies expenditures will add another \$3 million to the EFB for FY 2021.

Mr. Cabias continued, saying savings are projected in Salaries and Benefits in the current FY as well. To mitigate the impact of the pandemic, the District implemented a Voluntary Employee Separation Program (VESP) for long-term employees earlier in the FY. This was made possible because the District had the fund balance cash flow and resources to pay for it. The cost was \$4.5 million, most of which was paid out by September 2020. There will be a long-term return on that investment, but due to the vacancies that have been frozen, the District has already recovered the cost of the VESP.

Minutes - Board of Trustees' Finance and Audit Committee Meeting

April 8, 2021

Page 3

Trustee Rogers joined the meeting at 4:11 P.M.

Mr. Cabias explained that the District has been either holding positions vacant, or backfilling them when a team member is promoted. The vacancies can be held for the next few months and the District will save another \$2 million.

Moving on to FY 2022, Mr. Cabias noted property tax revenues were expected to increase about eight percent, or \$3.8 million. He said there was concern that FY 2021 property taxes would not be fully paid, but that so far, they had been. This may or may not continue into FY 2022.

CTX revenues for FY 2022 are budgeted at \$23.5 million, higher than the conservatively budgeted amount of \$17.8 million. \$22 million could be collected by the end of FY 2021 (June 30th).

There are no changes to the Special Revenue and Debt Service Funds for FY 2022. The total General Fund budget increased by \$1.4 million (two percent), primarily in Salaries and Benefits. Mr. Cabias expressed appreciation for the concessions made by Teamsters Local 14 in FY 2021, freezing all pay increases. The contract resumes in FY 2022 and the budget was prepared to include pay increases.

Position vacancies are being filled strategically, and not all at once, with budget savings in mind. Additionally, Executive Director Kelvin Watson is reevaluating the District's structure and staffing.

The Services and Supplies budget is not being increased. The Library Materials budget is increased by \$150,000, or 1.5 percent, to maintain the standard of 15% of the total budget.

Due to all the savings realized, and lowering transfers in prior years, the District plans to transfer \$19 million to the Capital Projects Fund in FY 2022. This is much needed, because transfers in the current year were eliminated, and were decreased the prior year. The Capital Projects Fund budgeted expenditures are \$5.9 million. The transfer will replenish the funds needed for critical Tech Replacements and Upgrades, and Building Repair and Maintenance costs (budgeted transfers for those programs are \$4 million and 4.5 million, respectively), as well as to reestablish reserves for upcoming costs and future projects, such as the Capital Construction Program for longer term projects, as well as a reserve which could be used in the event of a future economic downturn. Currently, the District plans to focus on smaller, short-term projects, and prioritizing those that would add value to District branches and services immediately.

Mr. Cabias opened the floor for questions.

Trustee Wadley-Munier asked if the Capital Projects transfers included funds for a new District vehicle, which was confirmed.

Trustee Rogers asked how much the District expected to receive in COVID-expense-related reimbursement. Mr. Cabias said the amount is \$270,000, which has not yet been received.

Board members expressed appreciation for the overview they had been given in advance of the meeting.

Minutes - Board of Trustees' Finance and Audit Committee Meeting

April 8, 2021

Page 4

Chair Ortiz stated for the record that the Library District is a separate entity when it comes to funding. He noted the District has zero debt. He thanked the Union and employees for FY 2021 concessions. He stated the money the District expects to have in reserves is earmarked for use and for savings in the event of any future economic downturns. He said this meeting was for preparation of the Tentative Budget to be submitted to the State by April 15th, and the actual Final Budget would be adopted in May.

**Public Comment
(Item V.)**

None.

**Adjournment
(Item VI.)**

Chair Ortiz adjourned the meeting at 4:24 p.m.

Respectfully submitted,

Felipe A. Ortiz, Board Chair and ex-officio Committee member
(acted as Chair due to absence of Committee Chair B. Wilson)

2021 ATTENDANCE

April 8, 2021 Finance and Audit Committee Meeting

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								
Benavidez	Kelly	P	P	P	P	P	P								
Bilbray-Axelrod*	Shannon	P	P	P	X	X	X								
Francis Drake	Marilyn	P	P	P	P	P	P								
Foyt	Elizabeth	P	P	P	P	P	P								
Meléndrez	José	P	P	P	P	A-E	A-E								
Ortiz	Felipe	P	P	P	P	P	P								
Wadley-Munier	Robin	P	P	P	P	P	P								
Ramaker	Sandra	P	P	P	P	P	P								
Wilson	Brian	P	P	P	P	A-E	A-E								
Rogers	Keith	A-E	P	P	P	P	P								
Waugh	Nathaniel	X	X	X	P	P	P								

attended Committee meeting but not a member

A-E Excused Absence

A-U Unexcused Absence

*Shannon Bilbray-Axelrod's term expired March 1, 2021

**Nathaniel Waugh was appointed March 2, 2021

as of April 8, 2021