TENTATIVE/PROPOSED BUDGET

Fiscal Year 2020–2021

Presented by:
Dr. Ronald R. Heezen, Executive Director
Fred James, CPA, Deputy Director/CFO
Floresto Cabias, CPA, Assistant Finance Director
FY 2020-2021
Budget Strategy

Reengineering for an Evolving Future
Historical Background

The Great Recession

General Fund:

- Consolidated Sales Tax (CTX)
  - Current year is expected to drop by as much as 14% from budget in the amount of $3.4M from $24.2M to $20.7M
  - Matches the downward trend seen during the last recession, bringing revenues to 2014 levels

- Property Tax
  - Drop to around 10% for 3 straight years due to:
    - Drop in Assessed Property Values
    - High foreclosures
  - Remain at that level for 2 years before rising
    - 3% Residential
    - 8% Commercial
    - Limited by CPI growth
Historical Background (Cont.)

The Great Recession

- Capital Projects Fund
  - Established and to be used as a Rainy Day fund under catastrophic circumstances

- There was no shut down of the economy
  - High unemployment rate for several years
Revenues
Economic Impact – Current FY 2019-20

General Fund:

- Consolidated Sales Tax (CTX)
  - Current year is expected to drop by as much as 15% from budget in amount of $3.6M from $24.2M to $20.7M

- Property Tax
  - We expect to collect all budgeted current year property tax revenue for FY 2019-20 of $44.9M
Economic Impact – Budget FY 2020-21

General Fund:

- Consolidated Sales Tax (CTX)
  - Budgeted CTX is expected to drop an additional 14.2% ($2.9M) from the estimated Current Year actual of $20.7M to $17.8M

- Property Tax
  - Collection of all budgeted current year property tax revenue for FY 2020-21 is questionable
    - Budgeted amount - $49.3M an increase of $4.4M over Current Year budget

- Expected and continued high unemployment rate
# Consolidated Sales Tax Economic Impact

<table>
<thead>
<tr>
<th>Month</th>
<th>FY19</th>
<th>FY20</th>
<th>% Increase</th>
<th>FY20</th>
<th>FY21</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>1,826,540.60</td>
<td>1,911,539.33</td>
<td>4.65%</td>
<td>1,911,539.33</td>
<td>1,624,808.43</td>
<td>-15.00%</td>
</tr>
<tr>
<td>August</td>
<td>1,832,910.32</td>
<td>1,977,855.19</td>
<td>7.91%</td>
<td>1,977,855.19</td>
<td>1,681,176.91</td>
<td>-15.00%</td>
</tr>
<tr>
<td>September</td>
<td>2,021,329.13</td>
<td>2,129,047.65</td>
<td>5.33%</td>
<td>2,129,047.65</td>
<td>1,809,690.50</td>
<td>-15.00%</td>
</tr>
<tr>
<td>October</td>
<td>1,795,589.90</td>
<td>1,975,666.37</td>
<td>10.03%</td>
<td>1,975,666.37</td>
<td>1,679,316.41</td>
<td>-15.00%</td>
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<tr>
<td>November</td>
<td>1,917,307.97</td>
<td>1,989,189.12</td>
<td>3.75%</td>
<td>1,989,189.12</td>
<td>1,690,810.75</td>
<td>-15.00%</td>
</tr>
<tr>
<td>December</td>
<td>2,221,539.92</td>
<td>2,445,754.63</td>
<td>10.09%</td>
<td>2,445,754.63</td>
<td>2,078,891.44</td>
<td>-15.00%</td>
</tr>
<tr>
<td>January</td>
<td>1,810,148.73</td>
<td>1,923,222.53</td>
<td>6.25%</td>
<td>1,923,222.53</td>
<td>1,634,739.15</td>
<td>-15.00%</td>
</tr>
<tr>
<td>February</td>
<td>1,721,369.96</td>
<td>1,734,892.48</td>
<td>0.79%</td>
<td>1,734,892.48</td>
<td>1,474,658.61</td>
<td>-15.00%</td>
</tr>
<tr>
<td>March</td>
<td>2,215,572.16</td>
<td>1,421,123.23</td>
<td>-35.86%</td>
<td>1,421,123.23</td>
<td>1,279,010.91</td>
<td>-10.00%</td>
</tr>
<tr>
<td>April</td>
<td>1,928,303.84</td>
<td>1,236,862.17</td>
<td>-35.86%</td>
<td>1,236,862.17</td>
<td>1,113,175.95</td>
<td>-10.00%</td>
</tr>
<tr>
<td>May</td>
<td>1,995,526.81</td>
<td>959,985.49</td>
<td>-51.89%</td>
<td>959,985.49</td>
<td>863,986.94</td>
<td>-10.00%</td>
</tr>
<tr>
<td>June</td>
<td>2,157,180.02</td>
<td>1,037,751.79</td>
<td>-51.89%</td>
<td>1,037,751.79</td>
<td>933,976.61</td>
<td>-10.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>23,443,319.36</td>
<td>20,742,889.98</td>
<td><strong>-11.52%</strong></td>
<td>20,742,889.98</td>
<td>17,864,242.62</td>
<td><strong>-13.88%</strong></td>
</tr>
</tbody>
</table>

**Consolidated Sales Tax 19-20**

**Consolidated Tax 20-21**

Tentative / Proposed Budget FINANCIAL SERVICES
Total Available Resources – All Funds

Total – $97.2M:

- Property Tax – $49.3M
- Consolidated Sales Tax – $17.8M
- Fines and Forfeits/Misc. – $1.9M
- Intergovernmental Revenue – $1.8M
- Charges for Services – $0.6M
- Beginning Fund Balance – $25.8M
Tentative / Proposed Budget

FINANCIAL SERVICES

- Property tax is based on Assessed Valuation (AV) of property
- 2020-2021 AV: $75.2B, an 8% increase over 2019-2020
- Property tax represents 69% of total revenues ($49.3M)
Property Tax Revenues

Property Tax Revenues FY 2011-2021

Property taxes
FY 2021 - $49.3M Budgeted
FY 2020 - $44.9M Budgeted
FY 2019 - $43.0M Actual
FY 2018 - $40.6M Actual
FY 2017 - $38.6M Actual
FY 2016 - $37.9M Actual
FY 2015 - $36.7M Actual
FY 2014 - $36.7M Actual
FY 2013 - $36.2M Actual
FY 2012 - $39.6M Actual
FY 2011 - $43.4M Actual
The District’s Property Tax Rate

- Tax rate: General Fund $.0942
- Total tax rate: $.0942 per $100 AV
- Property tax rate per $100K pays about $32.97 yearly or $2.75 monthly
CTX is a combination of City/County Relief (sales) and miscellaneous taxes distributed to most Clark County public entities according to State formula:

- **2020-2021 estimate:** $17.8M, a decrease of $6.4M
- CTX revenue accounts for 6.0% of all revenues
- CTX revenue is volatile

All other revenues account for:

- Grants and Gifts, Fines and Forfeits, Interest, Contracts
- $4.3M or 11.5% of the budget
Total Uses of Available Resources – All Funds

Total – $97.2M:

Uses and Fund Balance –
- General Fund – $70.1M
- Capital Projects Fund – $4.1M
- Special Revenue Funds – $2.6M
- Debt Service Fund – $.01M
- Ending Fund Balance – $20.4M
General Fund

The General Fund is the operating fund for the District. It is used to account for all financial resources except for those required to be accounted for in another fund.
Total Available Resources – General Fund

Total – $85.1M:

Sources
- Property Tax – $49.3M
- Consolidated Sales Tax – $17.8M
- Fines and Forfeits/Misc. – $1.2M
- Charges for Services – $0.6M
- Beginning Fund Balance – $16.2M

[PERCENTAGE]
- 51%
- 19%
- 27%
- 2%
Total Uses of Available Resources – General Fund

Total – $85.1M:

- Expenditures – $70.1M
- Ending Fund Balance – $15.0M

* Ending Fund Balance is 18% of Total Available Resources
General Fund – By Function

Total Expenditures by Function – $70.1M:

- Program Delivery Services – $28.1M
- Program Support Services – $24.6M
- Administrative Support Services – $17.4M
General Fund – By Activity

Total Expenditures by Activity – $70.1M:

- **Salaries and Benefits** – $44.3M (63%)
- **Services and Supplies** – $15.3M (22%)
- **Library Materials** – $10.5M (15%)
Expenditure Decreases

General Fund expenditures decreased by $2.7M (3.7%):

- Salaries and benefits decreased by $1.5M (3.3%): Primarily due to freezing vacant positions and potential concessions to reduce salary increases and health insurance costs.

- Services and supplies decreased by $898K (5.5%): Concerted effort to limit contracts to essential services.

- Library materials increased by $322K (3.0%)
Ending Fund Balance

General Fund Budget

- Ending Fund Balance of $15.0M is 21% of FY 2020-2021 expenditures, but 18% of Total Available Resources

- Necessary to provide liquidity for cash outflows

- Acts as a cushion during economic downturns
Library Materials are considered to be one collection, which is physically and electronically distributed among District branches.
Materials Budget

Materials Allocation $10.5M:
- Adult Print – $1.57M or 15.0%
- Downloadable eBooks & Media – $3.68M or 35.0%
- Electronic Databases & Services – $2.20M or 21.0%
  - Adult Audio Visual – $0.95M or 9.0%
  - Juvenile Print – $0.74M or 7.0%
  - Juvenile Audio Visual – $0.32M or 3.0%
  - Reference – $0.11M or 1.0%
  - Periodicals – $0.53M or 5.0%
  - Languages – $0.32M or 3.0%
  - Nontraditional Items – $0.11M or 1.0%
Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources, which are the Grant Fund and Gift Fund.
Special Revenue Funds

Special Revenue – $2.6M:

- Literacy (Adult Learning Program) and Other Grants – $1.8M
- Donations in the Gift Fund – $0.8M
The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general obligation bonds.
Debt Service Fund

- Last debt service payment made in January 2019
The Capital Projects Fund accounts for the acquisition, replacement, or construction of major capital projects and facilities.
Capital Projects Fund Programs

$8.6M Projected Available Resources:

- Library Services Platform Replacement – $0.0M
- Technology Replacements & Upgrades – $3.4M
- Building Repair & Maintenance – $3.8M
- Capital Construction – $0.0M
- Vehicle Purchase & Replacement – $0.3M
- Library Materials – $0.0M
- Furniture Purchase & Replacement – $0.3M
- Financial Services – $0.3M
- Programming & Venues – $0.5M
Capital Projects Fund Programs (Cont.)

$4.1M Budgeted Expenditures:

- Library Services Platform Replacement – $0.0M
- Technology Replacements & Upgrades – $1.8M
- Building Repair & Maintenance – $1.4M
- Capital Construction – $0.0M
- Vehicle Purchase & Replacement – $0.05M
- Library Materials – $0.0M
- Furniture Purchase & Replacement – $0.05M
- Financial Services – $0.3M
- Programming & Venues – $0.5M

$4.5M Remaining Fund Balance:

- Reserved to cover Capital Projects Fund Programs in future years.
# Capital Projects Fund Transfers and Budgeted Expenditures FY 2020-2021

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Library Services Platform Replacement</td>
<td>281,992</td>
<td>-</td>
<td>281,992</td>
<td>(281,992)</td>
<td></td>
<td>(281,992)</td>
<td>-</td>
</tr>
<tr>
<td>Technology Replacements &amp; Upgrades</td>
<td>1,180,776</td>
<td>50,000</td>
<td>1,180,776</td>
<td>2,223,037</td>
<td>(1,747,000)</td>
<td>1,656,813</td>
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<tr>
<td>Building Repair &amp; Maintenance</td>
<td>1,244,904</td>
<td></td>
<td>1,294,904</td>
<td>2,516,099</td>
<td>(1,427,000)</td>
<td>2,384,003</td>
<td></td>
</tr>
<tr>
<td>Vehicle Purchase &amp; Replacement</td>
<td>258,692</td>
<td></td>
<td>258,692</td>
<td>(50,000)</td>
<td>208,692</td>
<td></td>
<td></td>
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<tr>
<td>Library Materials</td>
<td>284,107</td>
<td></td>
<td>284,107</td>
<td>(284,107)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Furniture Purchase &amp; Replacement</td>
<td>169,158</td>
<td></td>
<td>169,158</td>
<td>100,000</td>
<td>(50,000)</td>
<td>219,158</td>
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<tr>
<td>Financial Services</td>
<td>332,319</td>
<td></td>
<td>332,319</td>
<td>(305,000)</td>
<td>27,319</td>
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<td></td>
</tr>
<tr>
<td>Community Engagement/Programming and Venues</td>
<td>503,893</td>
<td></td>
<td>503,893</td>
<td>(479,700)</td>
<td>24,193</td>
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<td></td>
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<tr>
<td>Capital Construction</td>
<td>4,273,037</td>
<td></td>
<td>4,273,037</td>
<td>(4,273,037)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>8,528,878</td>
<td>50,000</td>
<td>8,578,878</td>
<td>(4,058,700)</td>
<td>4,520,178</td>
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</table>
### Tentative / Proposed Budget

#### FINANCIAL SERVICES

**Budget Analysis**

**Fiscal Years Comparison**

- **Revenue** is projecting to remain level thru FY 2021-22
- **Expenditures** are to be reduced down by $4.84M and maintained at that level for FY 2020-21 thru FY 2021-22
- No expected transfers to the Capital Projects Fund for two years for FY 2020-21 thru FY 2021-22
- Maintain an Ending Fund Balance at a minimum of 20%

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td>68,548,131</td>
<td>71,390,000</td>
<td>69,337,283</td>
<td>77,155,000</td>
<td>68,900,000</td>
<td>68,900,000</td>
</tr>
<tr>
<td>Expenditures</td>
<td></td>
<td>62,939,189</td>
<td>72,794,944</td>
<td>64,709,669</td>
<td>73,157,362</td>
<td>70,084,868</td>
<td>68,900,000</td>
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<tr>
<td>Excess (Deficiency) of Revenues over Expenditures</td>
<td></td>
<td>5,608,942</td>
<td>(1,404,944)</td>
<td>4,627,614</td>
<td>3,997,638</td>
<td>(1,184,868)</td>
<td>0</td>
</tr>
<tr>
<td>Less transfers out</td>
<td></td>
<td>6,200,000</td>
<td>6,000,000</td>
<td>3,000,000</td>
<td>11,000,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues over Expenditures &amp; Transfers Out</td>
<td></td>
<td>(591,058)</td>
<td>(7,404,944)</td>
<td>1,627,614</td>
<td>(7,002,362)</td>
<td>(1,184,868)</td>
<td>0</td>
</tr>
<tr>
<td>Fund balance, beginning of year</td>
<td></td>
<td>15,168,032</td>
<td>14,576,974</td>
<td>14,576,974</td>
<td>14,113,869</td>
<td>16,204,588</td>
<td>15,019,720</td>
</tr>
<tr>
<td>Fund balance, end of year</td>
<td></td>
<td>14,576,974</td>
<td>7,172,030</td>
<td>16,204,588</td>
<td>7,111,507</td>
<td>15,019,720</td>
<td>15,019,720</td>
</tr>
<tr>
<td>Fund balance, end of year Adjusted</td>
<td></td>
<td>14,576,974</td>
<td>7,172,030</td>
<td>16,204,588</td>
<td>7,111,507</td>
<td>15,019,720</td>
<td>15,019,720</td>
</tr>
</tbody>
</table>

|                     | 23.16% | 9.85% | 25.04% | 9.72% | 21.43% | 21.80% |
## Final State Budget

### General Fund Revenues

<table>
<thead>
<tr>
<th>REVENUES</th>
<th>(1) ACTUAL PRIOR YEAR ENDING 6/30/19</th>
<th>(2) ESTIMATED CURRENT YEAR ENDING 6/30/20</th>
<th>(3) TENTATIVE APPROVED</th>
<th>(4) FINAL APPROVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>43,021,608</td>
<td>46,610,528</td>
<td>49,300,000</td>
<td>49,300,000</td>
</tr>
<tr>
<td>Intergovernmental Resources</td>
<td>23,443,319</td>
<td>20,742,890</td>
<td>25,505,000</td>
<td>17,800,000</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>603,862</td>
<td>486,706</td>
<td>670,000</td>
<td>570,000</td>
</tr>
<tr>
<td>Fines and Forfeits</td>
<td>757,254</td>
<td>555,000</td>
<td>900,000</td>
<td>450,000</td>
</tr>
<tr>
<td>Contributions</td>
<td>211,346</td>
<td>98,745</td>
<td>765,000</td>
<td>765,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>399,582</td>
<td>745,000</td>
<td>765,000</td>
<td>765,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>111,150</td>
<td>98,412</td>
<td>15,000</td>
<td>15,000</td>
</tr>
<tr>
<td><strong>SUBTOTAL REVENUE ALL SOURCES</strong></td>
<td><strong>68,548,131</strong></td>
<td><strong>69,337,283</strong></td>
<td><strong>77,155,000</strong></td>
<td><strong>68,900,000</strong></td>
</tr>
</tbody>
</table>

**OTHER FINANCING SOURCES (specify)**

<table>
<thead>
<tr>
<th>Operating Transfers In (Schedule T)</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

| BEGINNING FUND BALANCE             | 15,168,032      | 14,576,974      | 14,113,869      | 16,204,588      |

**TOTAL BEGINNING FUND BALANCE**

| TOTAL BEGINNING FUND BALANCE       | 15,168,032      | 14,576,974      | 14,113,869      | 16,204,588      |

**TOTAL AVAILABLE RESOURCES**

| TOTAL AVAILABLE RESOURCES           | 83,716,163      | 83,914,257      | 91,268,869      | 85,104,588      |
## General Fund Expenditures

<table>
<thead>
<tr>
<th>EXPENDITURES</th>
<th>(1) ACTUAL PRIOR YEAR ENDING 6/30/19</th>
<th>(2) ESTIMATED CURRENT YEAR ENDING 6/30/20</th>
<th>(3) TENTATIVE APPROVED</th>
<th>(4) FINAL APPROVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture and Recreation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>29,449,204</td>
<td>29,932,511</td>
<td>33,318,685</td>
<td>31,770,974</td>
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<tr>
<td>Benefits</td>
<td>11,182,265</td>
<td>12,402,714</td>
<td>13,032,810</td>
<td>12,499,828</td>
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<tr>
<td>Supplies and Services</td>
<td>12,089,521</td>
<td>12,917,207</td>
<td>15,896,118</td>
<td>15,304,682</td>
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<tr>
<td>Capital Outlay</td>
<td>10,218,199</td>
<td>9,457,237</td>
<td>10,909,749</td>
<td>10,509,384</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td><strong>62,939,189</strong></td>
<td><strong>64,709,669</strong></td>
<td><strong>73,157,362</strong></td>
<td><strong>70,084,868</strong></td>
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<tr>
<td><strong>OTHER USES</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>CONTINGENCY (not to exceed 3% of Total Expenditures)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Transfers Out (Schedule T)</td>
<td>6,200,000</td>
<td>3,000,000</td>
<td>11,000,000</td>
<td>0</td>
</tr>
<tr>
<td><strong>ENDING FUND BALANCE</strong></td>
<td><strong>14,576,974</strong></td>
<td><strong>16,204,588</strong></td>
<td><strong>7,111,507</strong></td>
<td><strong>15,019,720</strong></td>
</tr>
<tr>
<td><strong>TOTAL FUND COMMITMENTS AND FUND BALANCE</strong></td>
<td><strong>83,716,163</strong></td>
<td><strong>83,914,257</strong></td>
<td><strong>91,268,869</strong></td>
<td><strong>85,104,588</strong></td>
</tr>
</tbody>
</table>
Cost Reduction Measures

Streamlining the budget to maintain expenditures at the same level as expected revenues over the next two to three years

- Voluntary Employee Separation Program (VESP)
- Voluntary Furloughs
- Freezing Vacant Positions
- No Annual Pay Increases (?)
- No Merit raises (?)
- No increases in healthcare costs (?)
Questions?