

PROPOSED AGENDA
LAS VEGAS-CLARK COUNTY LIBRARY DISTRICT
Board of Trustees' Finance and Audit Committee
November 12, 2020

PUBLIC MEETING

DATE: November 12, 2020

TIME: 4:30 p.m.

PLACE: Pursuant to the Governor's Emergency Directive on Public Meetings, [http://gov.nv.gov/News/Emergency_Orders/2020/2020-03-22 - COVID-19 Declaration of Emergency Directive 006/](http://gov.nv.gov/News/Emergency_Orders/2020/2020-03-22_-_COVID-19_Declaration_of_Emergency_Directive_006/) this meeting will take place in the Summerlin Library Theater AND online via Webex. Connection information is listed on page 4.

Summerlin Library
1771 Inner Circle Drive
Las Vegas, NV 89134

There is a limited amount of public seating available in the Summerlin Library Theater and it will be available on a first-come, first-served basis, until the maximum allowable number is reached.

The Agenda and Board meeting documents can be found at <https://lvccld.org/board/board-of-trustees-meetings/>

The Finance and Audit Committee, comprised of Brian Wilson, Committee Chair; Kelly Benavidez; Shannon Bilbray-Axelrod; Keith Rogers; Robin Wadley-Munier; and Felipe Ortiz, ex-officio, all members of the Las Vegas-Clark County Library District Board of Trustees, will meet to discuss the Fiscal Year 2019—2020 Audit performed by BDO USA.

I. Roll Call

II. Public Comment

Topics raised under this item must be limited to matters on today's Agenda. Persons wishing to speak in public comment must sign in on the sign-in sheet before this item is addressed.

The public comment period at Library District Board meetings shall be limited to a maximum of forty-five (45) minutes for both periods of public comment. Remarks by speakers during the public comment period shall be limited to three (3) minutes each. A speaker may not transfer time to another speaker; although, the chair has the authority to grant additional time to a speaker. When more than fifteen (15) people wish to comment, the chair shall proportionately reduce the time allotted to the forty-five minute maximum.

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III. Committee Action to Accept the Proposed Agenda (For possible action)

IV. New Business

A. Discussion and possible Committee action regarding a recommendation to accept the Fiscal Year 2019-2020 Audit Report and recommend approval of the Fiscal Year 2019-2020 Audit at the Board of Trustees' meeting on November 12, 2020. (For possible action)

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

V. Public Comment

Topics raised under this item cannot be acted upon until the notice provisions of the Open Meeting Law have been met. Persons wishing to speak in public comment must sign in on the sign-in sheet before this item is addressed.

The public comment period at Library District Board meetings shall be limited to a maximum of forty-five (45) minutes for both periods of public comment. Remarks by speakers during the public comment period shall be limited to three (3) minutes each. A speaker may not transfer time to another speaker; although, the chair has the authority to grant additional time to a speaker. When more than fifteen (15) people wish to comment, the chair shall proportionately reduce the time allotted to the forty-five minute maximum.

VI. Adjournment

NOTE: AT ANY TIME, ANY ITEM ON THIS AGENDA MAY BE TAKEN OUT OF ORDER, COMBINED WITH ONE OR MORE OTHER ITEMS ON THE AGENDA OR REMOVED FROM THE AGENDA, EITHER AT THE DISCRETION OF THE CHAIR OR BY VOTE OF THE BOARD.

NOTE: REASONABLE EFFORTS WILL BE MADE TO ASSIST AND ACCOMMODATE PERSONS WITH PHYSICAL DISABILITIES DESIRING TO ATTEND THE MEETING. PLEASE CALL LYNN LUCUARA AT (702) 507-6172 SO THAT ARRANGEMENTS FOR ATTENDANCE MAY BE MADE.

NOTE: PLEASE CONTACT LYNN LUCUARA AT (702) 507-6172 OR lucuaral@lvccld.org TO REQUEST THE SUPPORTING MATERIAL FOR THIS MEETING. SUPPORTING MATERIAL WILL BE MADE AVAILABLE AT THE MEETING LOCATION ON THE DAY OF THE MEETING AFTER 3:00 P.M.

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Pursuant to NRS 241.020, written notice of the meeting of the Las Vegas-Clark County Library District Board of Trustees was given on November 5, 2020, i.e., given at least three (3) working days before the meeting, including in the notice the time, place, location and agenda of the meeting:

- A. By delivering a copy of the notice to each Library Trustee;
- B. By posting a copy of the notice at the principal office of the Library Trustees, or if there is no principal office, at the building in which the meeting is to be held, and at least three other separate, prominent places within the jurisdiction of the Trustees, to wit:
 - 1. Clark County Library
1401 E. Flamingo Road
Las Vegas, NV 89119
 - 2. East Las Vegas Library
2851 E. Bonanza Road
Las Vegas, NV 89101
 - 3. Summerlin Library
1771 Inner Circle Drive
Las Vegas, NV 89134
 - 4. Sunrise Library
5400 Harris Avenue
Las Vegas, NV 89110
 - 5. West Charleston Library
6301 W. Charleston Boulevard
Las Vegas, NV 89146
 - 6. West Las Vegas Library
951 W. Lake Mead Boulevard
Las Vegas, NV 89106
 - 7. Windmill Library
7060 W. Windmill Lane
Las Vegas, NV 89113
 - 8. Las Vegas-Clark County Library District website
www.lvccld.org
- C. By mailing a copy of the notice to each person, if any, who has requested notice of the meetings of the Las Vegas-Clark County Library District Board of Trustees in the same manner in which notice is requested to be mailed to a member of the Library Board of Trustees.

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- D. Webex Connection information:
<https://lvccld.webex.com>
Event number (access code): 146 366 5138
Password: 111220FA
Join by phone: +1 (408) 418-9388
Use same meeting number
Join from a video system or application:
Dial [1463665138@lvccld.webex.com](tel:1463665138)
You can also dial [173.243.2.68](tel:173.243.2.68) and enter your meeting number.

ITEM IV.A.



AGENDA ITEM

NOVEMBER 12, 2020 MEETING OF THE BOARD OF TRUSTEES' FINANCE AND AUDIT COMMITTEE

Agenda Item #IV.A.:

Discussion and possible Committee action regarding a recommendation to accept the Fiscal Year 2019-2020 Audit Report and recommend approval of the Fiscal Year 2019-2020 Audit Report at the Board of Trustees' meeting on November 12, 2020.

Background: At the March 12, 2020 meeting of the Board of Trustees, the Board authorized staff to appoint Piercy Bowler Taylor & Kern for auditing services for the fiscal year ending June 30, 2020.

Effective July 1, 2020, Piercy Bowler Taylor & Kern was acquired by BDO USA. Presentation of the Fiscal Year 2019-2020 Audit Report will be given by representatives of BDO USA.

Recommended Action:

Motion to accept the Fiscal Year 2019-2020 Audit Report and recommend approval of the Fiscal Year 2019-2020 Audit as presented by the auditors at the Board of Trustees' meeting on November 12, 2020.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Las Vegas-Clark County Library District

AUDIT WRAP UP

June 30, 2020



The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Governing Board and Audit Committee) and, if appropriate, management of the Government and is not intended and should not be used by anyone other than these specified parties.

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Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Tel: 702-384-1120
Fax: 702-870-2474
www.bdo.com

6100 Elton Avenue, Suite 1000
Las Vegas, Nevada 89107

November XX, 2020

Finance and Audit Committee
and Board of Trustees
Las Vegas-Clark County Library District
7060 West Windmill Lane
Las Vegas, Nevada 89113

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. In September we provided management with an overview of our plan for the audit of the basic financial statements of the Las Vegas-Clark County Library District (the District) as of and for the year ended June 30, 2020, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the District's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the District and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Discussion Outline

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Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Status of Our Audit

We have completed our audit of the financial statements and federal awards as of and for the year ended June 30, 2020. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- ▶ The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements whether due to error or fraud.
- ▶ The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications and letter of engagement.
- ▶ We expect to issue an unmodified opinion on the financial statements and release our report in mid-to-late-November.
- ▶ We also expect to issue an unmodified opinion on compliance requirements that could have a direct and material effect on the District's major federal program.
- ▶ Our responsibility for other information in documents containing the District's audited basic financial statements (e.g., management's discussion and analysis, budgetary comparisons, schedules of pension and OPEB amounts) does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the District and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the basic financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- ▶ All records and information requested by BDO were freely available for our inspection.
- ▶ Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of District personnel throughout the course of our work.

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Results of Our Audit

ACCOUNTING PRACTICES, POLICIES, ESTIMATES

The following summarizes the more significant required communications related to our audit concerning the District's accounting practices, policies, and estimates:

The District's significant accounting practices and policies are those included in the notes to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within the notes to the financial statements. There were no changes in significant accounting policies and practices the year ended June 30, 2020.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain.

Significant accounting estimates include:

Fair value measurement of investments
Net pension liability
OPEB Obligation
Compensated absences liability
Depreciation method and/or asset useful life

Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in during the year ended June 30, 2020.

CORRECTED AND UNCORRECTED MISSTATEMENTS

There were no corrected or uncorrected misstatements, other than those that were clearly trivial, related to accounts and/or disclosures that we brought to the attention of management, except for a relatively insignificant adjustment of approximately \$419,000 for accrued compensated absences and related expenditures.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Internal Control Over Financial Reporting

In planning and performing our audit of the District's financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing and in a timely manner, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the District's internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Deficiency in Internal Control	A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.
Significant Deficiency	A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit of the District's basic financial statements, we noted no material weaknesses.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Other Required Communications

Requirement	
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the District's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
If applicable, nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about significant accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent accountants on the application of generally accepted accounting principles.
Our evaluation of the District's relationships and transactions with related parties and their impact on the financial statements	We have evaluated the District's process to identify, authorize and approve, account for, and disclose its relationships and transactions with related parties and noted no significant issues.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the District's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
If applicable, other matters significant to the oversight of the District's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the District's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Independence Communication

Our engagement letter to you dated August 26, 2020, describes our responsibilities in accordance with professional standards and certain regulatory authorities and *Government Auditing Standards* with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the District with respect to independence as agreed to by the District. Please refer to that letter for further information.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Annual Financial Report

Las Vegas - Clark County Library District

July 1, 2019 - June 30, 2020

Las Vegas, Nevada

Las Vegas-Clark County
LIBRARY
DISTRICT
www.lvcclld.org

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

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Annual Financial Report

Las Vegas - Clark County Library District

July 1, 2019 - June 30, 2020

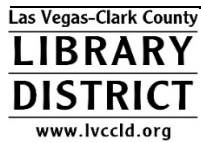
Las Vegas, Nevada

Las Vegas - Clark County
Library District Headquarters
7060 West Windmill Lane
Las Vegas, Nevada 89113

Frederick J. James, CPA, Acting Executive Director
Floresto Cabias, CPA, Acting Financial Services Director/Chief Financial Officer

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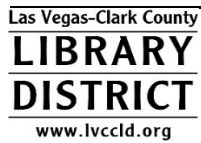


Las Vegas-Clark County Library District

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Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

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Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Financial Section

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Tel: 702-384-1120
Fax: 702-870-2474
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6100 Elton Avenue, #1000
Las Vegas, NV 89107

Independent Auditors' Report

Board of Trustees
Las Vegas-Clark County Library District
Las Vegas, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Las Vegas-Clark County Library District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of the Las Vegas-Clark County Library District Foundation fund, which is a major fund that represents 9.2%, 13.9%, and 1.5% of the assets, net position and revenues, respectively, of the District's total governmental activities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, postemployment benefits other than pensions, schedule of funding progress, proportionate share of the collective net pension liability information, proportionate share of statutorily required pension contribution information and budgetary comparison information on pages 5-12 and 45-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November XX, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

November XX, 2020
Las Vegas, Nevada

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

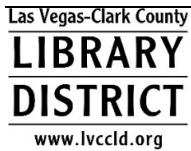
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Management's Discussion and Analysis

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020

As management of the Las Vegas-Clark County Library District (the District), we offer readers of the Annual Financial Report this narrative overview and analysis of the financial activities of the District as of and for the fiscal year ended June 30, 2020.

Financial Highlights

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$158,317,349 (net position).
- The District's total net position increased by \$1,604,789 or 1% over the prior year. This increase is primarily attributable to property tax increases, which were offset by higher personnel costs in the current year. The District expects to experience net position increases in future years partially as a result of the District continuing its conservative spending practices, which are designed to provide fiscal stability, but not to adversely affect the provision of library services.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$51,777,637, an increase of \$3,590,485 or 7.5% from the prior year. The increase is primarily attributable to minimal spending for construction of capital assets, suspending technology upgrades and renovations and no debt repayments. Approximately 36.3% of the total fund balance (\$18,773,959) is available for spending at the District's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$18,773,959 which is 29.5% of total general fund expenditures.

Overview of the Financial Statements

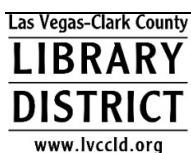
This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (*e.g.*, uncollected taxes and earned, but unused vacation leave).

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Management's Discussion and Analysis (continued) For the Fiscal Year Ended June 30, 2020

Both of the government-wide financial statements present the governmental activities of the District, which are principally supported by property taxes and intergovernmental revenues.

The government-wide financial statements can be found in the "Basic Financial Statements" section of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain accounting control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are categorized as governmental funds. The District does not currently maintain any proprietary or fiduciary funds.

Governmental funds. Governmental funds are used essentially to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at fiscal year end. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains eight governmental funds. Information is presented separately in the balance sheet and in the statement of revenues, expenditures and changes in fund balances for the general fund, the Las Vegas-Clark County Library District Foundation special revenue fund and the capital projects fund, all of which are considered to be major funds. Data from the remaining five non-major governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The fund financial statements can be found in the "Basic Financial Statements" section of this report.

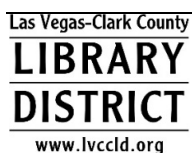
Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to basic financial statements can be found in the "Basic Financial Statements" section of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The District adopts an annual appropriated budget for its general fund and a budgetary comparison schedule has been provided to demonstrate the District's compliance with this budget. This section also includes certain information related to the District's net pension liability and other postemployment benefit obligation.

The required supplementary information can be found immediately following the notes to the basic financial statements in this report.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Management's Discussion and Analysis (continued) For the Fiscal Year Ended June 30, 2020

Other supplementary information. The combining statements, referred to earlier in connection with the five non-major governmental funds, and individual fund schedules can be found immediately following the required supplementary information in this report.

Government-wide Financial Analysis

As previously noted, net position may serve as a useful indicator over time of a government's financial condition. In the case of the District, at the close of the most recent fiscal year, assets exceeded liabilities by \$158,317,349.

By far, the largest portion of the District's net position (99%) is its investment in capital assets (land, buildings, improvements, library media materials, and furniture and equipment), less any related debt used to acquire these assets, which are used to provide services to citizens; consequently, these assets are not available for future expenditures. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Las Vegas-Clark County Library District Net Position

	June 30,	
	2020	2019
Capital assets	\$ 182,430,490	\$ 182,068,692
Other assets	57,244,128	55,960,595
	<u>239,674,618</u>	<u>238,029,287</u>
Deferred outflows of resources	9,494,884	8,151,984
Long-term liabilities outstanding	81,060,030	78,191,592
Other liabilities	5,630,884	8,661,536
	<u>86,690,914</u>	<u>86,853,128</u>
Deferred inflows of resources	3,961,239	2,615,583
Net position:		
Net investment in capital assets	156,140,490	155,778,692
Restricted	19,556,460	19,635,206
Unrestricted	<u>(17,379,601)</u>	<u>(18,701,338)</u>
	<u>\$ 158,317,349</u>	<u>\$ 156,712,560</u>

Resources that are subject to external restrictions on how they may be used represent an additional portion of the District's net position (1%).

In a prior year, the District expended \$16,549,531 for the construction of the East Las Vegas library facilities, of which \$8,508,844 was from unrestricted resources and recognized \$17,891,600 in restricted net position related to long-term notes receivable held in a special revenue fund that when collected must be used for a specified purpose. As a result, the District is reporting a net position deficit of \$17,379,601 in the current year.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Las Vegas-Clark County Library District

Management's Discussion and Analysis (continued)
For the Fiscal Year Ended June 30, 2020

Net investment in capital assets remained flat compared to prior year as construction projects were put on hold and capital programs were reduced to operational minimums. See the discussion on capital assets, below, for further details.

Governmental activities. Governmental activities increased the District's net position by \$1,604,789 or 1% over the prior year. Key elements of this increase are as follows:

Las Vegas-Clark County Library District Changes in Net Position

	Year Ended June 30,	
	2020	2019
Revenues:		
Program revenues:		
Charges for services	\$ 1,035,009	\$ 1,361,116
Operating grants and contributions	1,491,555	1,483,012
General revenues:		
Property taxes	46,305,279	43,107,497
Intergovernmental consolidated taxes	22,414,958	23,443,319
Other	1,812,245	1,541,763
	<u>73,059,046</u>	<u>70,936,707</u>
Expenses:		
Culture and recreation	71,157,890	68,992,741
Long-term debt interest	296,367	449,745
	<u>71,454,257</u>	<u>69,442,486</u>
Change in net position	1,604,789	1,494,221
Net position, beginning of year	<u>156,712,560</u>	<u>155,218,339</u>
Net position, end of year	<u>\$ 158,317,349</u>	<u>\$ 156,712,560</u>

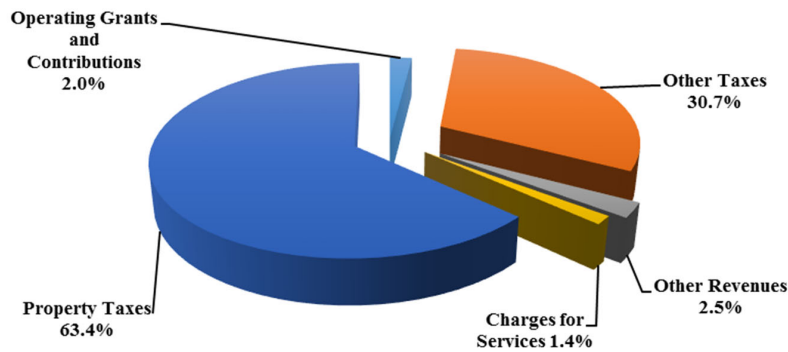
- Property taxes increased \$3,197,782 or 7.4% while intergovernmental consolidated taxes decreased \$1,028,361 or 4.4% compared to the prior year. The increase in property taxes in Southern Nevada is primarily due to recovering property values and the effect of a statutory limit on the increase of property taxes in any single year. The decrease in intergovernmental consolidated taxes is due to reduced consumer spending (tourist and local) as the Las Vegas Strip and other businesses were closed temporarily due to the COVID-19 pandemic.
- Culture and recreation expenses increased \$2,165,145 or 3.3% over the prior year. This change can be primarily attributed to increased salaries, wages and benefit costs.
- Interest expense relative to long-term debt decreased \$153,378 or 34.1% primarily due to debt that was paid-in-full during the prior fiscal year.

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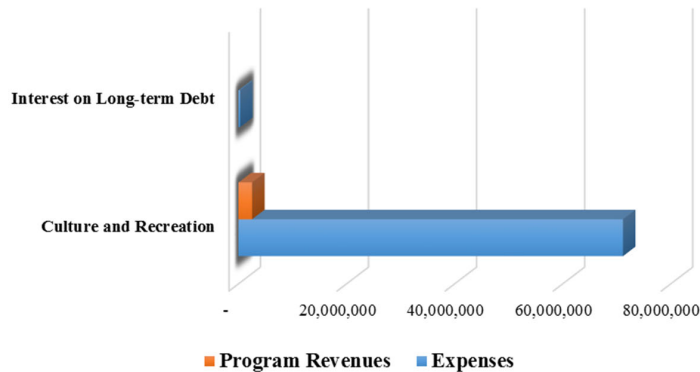
Las Vegas-Clark County Library District

Management's Discussion and Analysis (continued) For the Fiscal Year Ended June 30, 2020

Revenues by Source



Expenses and Program Revenues

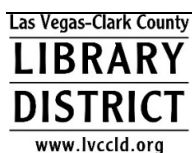


Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to better ensure and demonstrate compliance with finance-related legal requirements.

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at fiscal year end.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Management's Discussion and Analysis (continued) For the Fiscal Year Ended June 30, 2020

At June 30, 2020, the District's governmental funds reported combined ending fund balances of \$51,777,637, an increase of \$3,590,485 or 7.5% from the prior year. Approximately 36.3% or \$18,773,959 of the total fund balance, constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the combined ending fund balances is not available for spending because it has already been restricted or assigned to 1) pay debt service (\$1,543,853), 2) the acquisition, construction or improvement of capital assets (\$9,221,367), 3) grant and other programs (\$22,228,458), or 4) generate income to pay for the purchase of library media materials (\$10,000).

The general fund is the chief operating fund of the District. At June 30, 2020, the fund balance of the general fund was \$18,773,959. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 29.5% of total general fund expenditures.

The fund balance of the District's general fund increased by \$4,196,985 or 28.8% during the current fiscal year. The increase in fund balance is primarily due to reduced transfers to other funds and decreases in expenditures such as supplies and services and library material purchases towards the end of the fiscal year, resulting from a District closure caused by the COVID-19 pandemic.

The Las Vegas-Clark County Library District Foundation fund has an ending fund balance of \$21,606,803, an increase of \$178,120 over prior year, due to normal business operations.

The capital projects fund has a total ending fund balance of \$9,221,367, a decrease of \$705,111 from the previous fiscal year. This increase was primarily due to the suspension of many capital projects such as building renovations and technology upgrades due to the COVID-19 pandemic.

The aggregate non-major funds have a combined total fund balance of \$2,175,508, a decrease of \$79,509 from the prior year, due to normal business operations.

General Fund Budgetary Highlights

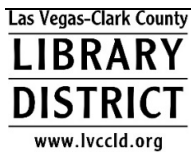
During the year, total revenues were less than the final budgetary estimate by \$593,476. However, budgeted consolidated taxes revenue was \$24,185,000 compared to \$22,414,958 actual. The \$1,770,042 decrease is primarily attributable to the reduced consumer spending towards the end of the fiscal year due to the COVID-19 pandemic, which resulted in business closures beginning in March 2020. Expenditures were less than the final budgetary estimate by \$9,195,405 or 12.63%, primarily due to the District's conservative spending practices and facility closures due to the COVID-19 pandemic. All functions were within appropriation authority. Actual ending fund balance was \$18,773,959, 155.3% more than the final budgetary estimate.

Additional information on the District's general fund budget can be found in the required supplementary information immediately following the notes to the basic financial statements in this report.

Capital Asset and Debt Administration

Capital assets. The District's investment in capital assets as of June 30, 2020, amounts to \$182,430,490 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, library media materials, and furniture and equipment. The net increase in the District's investment in capital assets for the current fiscal year was \$361,799 (0.2%).

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Management's Discussion and Analysis (continued) For the Fiscal Year Ended June 30, 2020

Major capital asset events during the current fiscal year included the following:

- The District purchased library media materials, at a cost of \$9,356,240, a decrease of \$1,589,770 from the prior fiscal year purchases.
- Furniture and equipment additions were purchased at a cost of \$856,897.
- Depreciation expense for the fiscal year was \$9,849,809.

Capital assets at year-end were as follows:

Las Vegas-Clark County Library District Capital Assets
(net of accumulated depreciation)

	June 30,	
	2020	2019
Land	\$ 5,706,578	\$ 5,706,578
Construction in progress	-	-
Buildings	112,609,822	115,954,458
Improvements	517,729	620,136
Library media materials	60,766,200	57,063,820
Furniture and equipment	2,830,161	2,723,700
	<u>\$ 182,430,490</u>	<u>\$ 182,068,692</u>

Additional information on the District's capital assets can be found in Notes 1 and 3 to the basic financial statements in this report.

Long-term debt. At June 30, 2020, the District had total bonded debt outstanding of \$26,290,000, all of which is backed by the full faith and credit of the District.

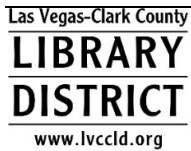
Las Vegas-Clark County Library District Outstanding General Obligation Debt

	June 30,	
	2020	2019
LVCIC QLICI – Loan A	\$ 11,335,600	\$ 11,335,600
LVCIC QLICI – Loan B	5,154,400	5,154,400
Clearinghouse QLICI – Loan A	6,646,000	6,646,000
Clearinghouse QLICI – Loan B	3,154,000	3,154,000
	<u>\$ 26,290,000</u>	<u>\$ 26,290,000</u>

The District's total long-term debt remained flat as principal payments do not begin until fiscal year 2025. All of the District's general obligation debt were issued with AAA and AA ratings.

State statutes limit the amount of general obligation debt the District may issue to 10% of its total assessed valuation. The current debt limitation for the District is \$6,939,854,488, which is significantly in excess of the District's outstanding general obligation debt.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Management's Discussion and Analysis (continued) For the Fiscal Year Ended June 30, 2020

Additional information on the District's long-term debt can be found in Notes 1 and 3 to the basic financial statements in this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Clark County is currently 17.7 %, which is an increase from a rate of 4.8% a year ago due to the massive business shutdowns and layoffs caused by the spread of COVID-19. The United States national average unemployment rate is 11.1% and the State of Nevada's average unemployment rate is 15.2%.
- Inflationary trends in the District are comparable to the United States national indices.
- Businesses, within Clark County, reported taxable sales of \$3.6 billion, compared to sales of \$4.1 billion reported in the previous year.
- Gaming establishments, within Clark County, reported gaming revenues of \$441.1 million compared to \$906.7 million reported in the prior fiscal year.
- During the first quarter of 2020, the outbreak of the COVID-19 pandemic caused significant volatility in U.S. and international economies and has led to a global health emergency. As a result, all non-essential business operations in Nevada ceased on March 17, 2020, and did not begin reopening until mid-May 2020. As discussed in Note 4 to the basic financial statements, the District implemented several cost saving strategies designed to ensure financial sustainability. However, the future impact of the COVID-19 pandemic is unknown and rapidly evolving.

All of these factors were considered in preparing the District's budget for the 2021 fiscal year.

The unassigned fund balance (actual) in the general fund increased 29.5% from the prior year to \$18,773,959. This amount is \$11,420,847 higher than the final budgeted ending fund balance for the 2020 fiscal year.

Requests for Information

The accompanying financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District's Financial Services department, 7060 West Windmill Lane, Las Vegas, Nevada 89113.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Basic Financial Statements

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Government-Wide Financial Statements

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Las Vegas-Clark County
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Las Vegas-Clark County Library District

Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents:	
Unrestricted	\$ 20,304,358
Restricted	736,567
Investments	12,376,006
Receivables:	
Taxes	851,653
Notes	17,981,600
Interest	102,108
Other, net	131,478
Due from other governments	3,529,694
Prepaid items and other assets	1,230,664
Property and equipment, net of accumulated depreciation:	
Land	5,706,578
Buildings	112,609,822
Improvements	517,729
Library media materials	60,766,200
Furniture and equipment	2,830,161
Total assets	<u>239,674,618</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pensions	<u>9,294,884</u>
LIABILITIES	
Accounts payable	1,250,090
Accrued payroll	2,212,277
Deposits payable	37,988
Unearned revenue	29,998
Accrued interest payable	116,265
General obligation bonds and notes payable, including unamortized premiums:	
Due in more than one year	26,290,000
Accrued compensated absences:	
Due within one year	1,984,266
Due in more than one year	5,110,231
Obligation for postemployment benefits other than pensions, due in more than one year	1,735,754
Net pension liability, due in more than one year	47,924,045
Total liabilities	<u>86,690,914</u>

(Continued)

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Las Vegas-Clark County
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Las Vegas-Clark County Library District

Statement of Net Position (Continued) June 30, 2020

	<u>Governmental Activities</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to pensions	3,961,239
NET POSITION	
Net investment in capital assets	156,140,490
Restricted for:	
Debt service	943,205
Grant programs	146,753
Other programs	18,456,502
Permanent fund principal, nonexpendable	10,000
Unrestricted	(17,379,601)
Total net position	<u><u>\$ 158,317,349</u></u>

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Las Vegas-Clark County
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Las Vegas-Clark County Library District

Statement of Activities For the Fiscal Year Ended June 30, 2020

	Governmental Activities				
		Program Revenues			Net (Expenses)
			Operating	Capital	Revenues and
		Charges for	Grants and	Grants and	Change in
Function/program	Expenses	Services	Contributions	Contributions	Net Position
Culture and recreation	\$ (71,157,890)	\$ 1,035,009	\$ 1,491,555	\$ -	\$ (68,631,326)
Long-term debt interest	(296,367)				(296,367)
Total function/program	<u>\$ (71,454,257)</u>	<u>\$ 1,035,009</u>	<u>\$ 1,491,555</u>	<u>\$ -</u>	<u>(68,927,693)</u>
General revenues:					
Property taxes					46,305,279
Intergovernmental revenues, consolidated taxes, unrestricted					22,414,958
Interest					717,451
Miscellaneous					<u>1,094,794</u>
Total general revenues					<u>70,532,482</u>
Change in net position					1,604,789
Net position, beginning of year					<u>156,712,560</u>
Net position, end of year					\$ 158,317,349

See notes to basic financial statements.

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Fund Financial Statements

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Las Vegas-Clark County
LIBRARY
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Las Vegas-Clark County Library District

Balance Sheet June 30, 2020

	Governmental Funds				
	Major Funds				
		Special Revenue			
		Las Vegas- Clark County Library District Foundation	Capital Projects	Aggregate Non-Major Funds	Total
	General				
ASSETS					
Cash and cash equivalents:					
Unrestricted	\$ 18,086,729	\$ 454,338	\$ 549,753	\$ 1,213,538	\$ 20,304,358
Restricted				736,567	736,567
Investments		3,298,011	9,077,995		12,376,006
Receivables:					
Taxes	835,809			15,844	851,653
Notes		17,981,600			17,981,600
Interest	619	68,015	33,459	15	102,108
Other, net	91,067	38,577		1,834	131,478
Due from other funds	10			180,126	180,136
Due from other governments	3,426,243			103,451	3,529,694
Other assets				16,333	16,333
Total assets	\$ 22,440,477	\$ 21,840,541	\$ 9,661,207	\$ 2,267,708	\$ 56,209,933
LIABILITIES					
Accounts payable	\$ 766,087	\$ 334	\$ 439,840	\$ 43,829	1,250,090
Accrued payroll	2,188,099	1,243		22,935	2,212,277
Deposits payable	37,988				37,988
Unearned revenue		20,415		9,583	29,998
Due to other funds	36,395	143,731		10	180,136
Total liabilities	3,028,569	165,723	439,840	76,357	3,710,489

(Continued)

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Las Vegas-Clark County
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Las Vegas-Clark County Library District

Balance Sheet (Continued)
June 30, 2020

	Governmental Funds			
	Major Funds			
	Special Revenue			
	Las Vegas-Clark County Library District Foundation		Capital Projects	Aggregate Non-Major Funds
	General			Total
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, interest income		68,015		68,015
Unavailable revenue, property taxes	637,949			653,792
Total deferred inflows of resources	637,949	68,015		721,807
FUND BALANCES				
Nonspendable:				
Permanent fund principal				10,000
Restricted for:				
Debt service				943,205
Grant programs				146,753
Other programs		17,981,600		18,456,502
Assigned to:				
Capital projects			9,221,367	9,221,367
Debt service				600,648
Other programs		3,625,203		3,625,203
Unassigned	18,773,959			18,773,959
Total fund balances	18,773,959	21,606,803	9,221,367	51,777,637
Total liabilities, deferred inflows of resources and fund balances	\$ 22,440,477	\$ 21,840,541	\$ 9,661,207	\$ 56,209,933

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Las Vegas-Clark County LIBRARY DISTRICT www.lvccld.org	Las Vegas-Clark County Library District	
	Reconciliation of the Balance Sheet to the Statement of Net Position June 30, 2020	
Fund balances		\$ 51,777,637
Amounts reported in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Capital assets	\$ 286,926,554	
Less accumulated depreciation	<u>(104,496,064)</u>	182,430,490
Other assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds:		
Other assets		312,090
Long-term liabilities, including bonds payable, are not due and payable in the current period; and therefore, are not reported in governmental funds:		
Bonds and notes payable	(26,290,000)	
Interest payable	<u>(116,265)</u>	(26,406,265)
Compensated absences		(7,094,497)
Obligation for postemployment benefits other than pensions		(1,735,754)
Net pension liability	(47,924,045)	
Deferred outflows of resources related to pensions	9,294,884	
Deferred inflows of resources related to pensions	<u>(3,961,239)</u>	(42,590,400)
Prepaid items represent current fund expenditures that benefit future periods; and therefore, are not reported in governmental funds.		
		902,242
Unavailable revenue represents amounts that are not available to fund current expenditures; and therefore, are not reported as revenues in governmental funds.		
		<u>721,806</u>
Net position		<u><u>\$ 158,317,349</u></u>

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Las Vegas–Clark County
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Las Vegas–Clark County Library District

Statement of Revenues, Expenditures, and Changes in Fund Balances For the Fiscal Year Ended June 30, 2020

	Governmental Funds				
	Major Funds			Aggregate Non-Major Funds	Total
	Special Revenue				
	General	Las Vegas- Clark County Library District Foundation	Capital Projects		
Revenues					
Property taxes	\$ 46,269,508			\$ 14	\$ 46,269,522
Intergovernmental revenues, consolidated taxes	22,414,958				22,414,958
Grants				954,435	954,435
Charges for services	1,035,009				1,035,009
Interest	87,176	\$ 274,306	\$ 356,144	4,983	722,609
Contributions	211,346	537,120		316,737	1,065,203
Miscellaneous	778,527	313,397		317,870	1,409,794
Total revenues	70,796,524	1,124,823	356,144	1,594,039	73,871,530
Expenditures					
Culture and recreation:					
Salaries and wages	30,101,581	33,883		347,342	30,482,806
Employee benefits	12,266,495	855		137,692	12,405,042
Supplies and services	12,024,376	911,965	3,204,358	742,995	16,883,694
Capital outlay	9,207,087		856,897	149,152	10,213,136
Debt service:					
Interest				296,367	296,367
Total expenditures	63,599,539	946,703	4,061,255	1,673,548	70,281,045

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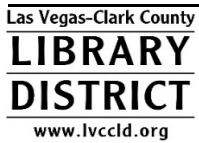
Las Vegas-Clark County Library District

**Statement of Revenues, Expenditures,
 and Changes in Fund Balances (Continued)
 For the Fiscal Year Ended June 30, 2020**

	Governmental Funds				
	Major Funds				
	Special Revenue				
	Las Vegas-Clark County Library District Foundation				
	General		Capital Projects	Aggregate Non-Major Funds	Total
Excess (deficiency) of revenues over (under) expenditures	7,196,985	178,120	(3,705,111)	(79,509)	3,590,485
Other financing sources (uses)					
Transfers in			3,000,000		3,000,000
Transfers out	(3,000,000)				(3,000,000)
Total financing sources (uses)	(3,000,000)		3,000,000		
Net change in fund balances	4,196,985	178,120	(705,111)	(79,509)	3,590,485
Fund balance, beginning of year	14,576,974	21,428,683	9,926,478	2,255,017	48,187,152
Fund balances, end of year	<u>\$ 18,773,959</u>	<u>\$ 21,606,803</u>	<u>\$ 9,221,367</u>	<u>\$ 2,175,508</u>	<u>\$ 51,777,637</u>

See notes to basic financial statements.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities For the Fiscal Year Ended June 30, 2020

Net change in fund balances	\$	3,590,485
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Amounts reported in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of capital assets is capitalized and depreciated over their estimated useful lives:

Expenditures for capital assets	\$ 10,213,136	
Current year depreciation and loss on disposal of capital assets	<u>(9,851,337)</u>	361,799

Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in governmental funds:

Change in unavailable revenue, interest income	(5,158)	
Change in unavailable revenue, property taxes	<u>35,757</u>	30,599

Some expenditures reported in governmental funds benefit future periods; and therefore, are not reported in the statement of activities:

Change in inventories and prepaid items		136,415
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Some expenses reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds:

Current year amortization of bond premiums	-	
Change in long-term compensated absences	(935,836)	
Change in obligation for postemployment benefits other than pensions	150,970	
Change in net pension liability and related deferred outflows and inflows of resources	<u>(1,729,643)</u>	<u>(2,514,509)</u>

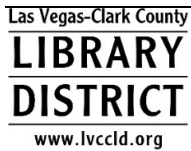
Change in net position	\$	<u>1,604,789</u>
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Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Notes to Basic Financial Statements

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

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Las Vegas-Clark County Library District

Notes to Basic Financial Statements For the Fiscal Year Ended June 30, 2020

Note 1. Summary of Significant Accounting Policies

The Reporting Entity

The Las Vegas-Clark County Library District (the District) was established in 1985 under the provisions of Chapter 379 of the Nevada Revised Statutes (NRS) and serves all persons living in Clark County, Nevada (the County), except for those living in the incorporated area of North Las Vegas and the library districts of Henderson and Boulder City, Nevada. The District is governed by a Board of Trustees (the Board), which consists of ten members, five appointed by the Board of County Commissioners and five appointed by the Las Vegas City Council, all of whom have staggered terms of office and may be removed for cause at any time. The accompanying basic financial statements present the financial position of the District and its blended component units for which the District is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the District's operations.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39, *Determining Whether Certain Organizations are Component Units*, Statement No. 61, *The Financial Reporting Entity: Omnibus* and Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, defines the reporting entity as the primary government and those component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the organization's governing board and either the ability of the primary government to impose its will on the organization or the possibility that the organization will provide a financial benefit to or impose a financial burden on the primary government. In addition to financial accountability, component units can be other organizations in which the economic resources received or held by that organization are entirely or almost entirely for the direct benefit of the primary government, the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by that organization and the resources to which the primary government is entitled or has the ability to otherwise access are significant to the primary government.

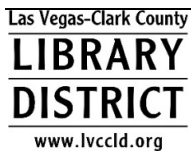
The District has complied with GASB Statement Nos. 14, 39, 61, and 80 by examining its position relative to the County and the City of Las Vegas (the City) and determined that there are no requirements that would cause the basic financial statements of the District to be included in either of the entities' comprehensive annual financial reports (CAFR). The financial information of the component units, discussed below, is blended with the District's financial information and presented in the District's financial reports because of the significance of their operations and financial relationship with the District, District management has operational (accounting) responsibility for these entities or because the District's Board appoints a voting majority of the component unit's governing body.

Blended Component Units

The Las Vegas-Clark County Library District Foundation, Inc. (the Foundation), a Nevada Non-Profit Corporation, was formed in 2002 for the exclusive purpose of providing aid, support, and assistance in the promotion, growth, and improvement of the District. During the year ended June 30, 2018, the Foundation entered into several transactions in order to make additional funds available to it through the New Markets Tax Credit (NMTC) Program. The NMTC Program permits taxpayers to claim, over a seven-year period, a credit against federal income taxes for Qualified Equity Investments (QEIs) in designated Community Development Entities (CDEs). These designated CDEs must use substantially all of the proceeds to make Qualified Low-Income Community Investments (QLICIs).

The QALICB fund is comprised of East Las Vegas QALICB, Inc. (ELV) and Mesquite QALICB, Inc. (MQ), which were formed as Nevada Non-Profit Corporations on June 28, 2017 and October 12, 2017, respectively, for the

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2020

exclusive benefit of the District. The purpose of the QALICB fund is to hold title to property, complete construction of the East Las Vegas and Mesquite libraries facilities, and lease said property and buildings to the District. The entities within the QALICB fund are operated in such a way that they both qualify as a Qualified Active Low-Income Community Business (QALICB) under the definition of the NMTC Program and Internal Revenue Code (IRC) §45(d).

The Foundation, ELV, and MQ each prepare separate stand-alone financial statements that can be obtained from the District's Financial Services Department, 7060 West Windmill Lane, Las Vegas, Nevada, 89113.

Basic Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities and present consolidated information for the District's activities, which are comprised solely of governmental activities, accounted for in governmental fund types. The District does not currently maintain any proprietary or fiduciary fund types. The effect of interfund activity has been removed from these statements.

Included in the statement of net position are capital assets and long-term liabilities including general obligation bonds, employee benefit and pension obligations, and compensated absences. Net position is classified as 1) net investment in capital assets, 2) restricted, or 3) unrestricted.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions, which are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not restricted for use by a particular function or segment are reported as general revenues.

Separate fund financial statements are provided with each major individual governmental fund reported in a separate column. Fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances. Schedules are presented to reconcile fund balances presented in the fund financial statements to net position presented in the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

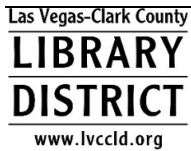
Government-wide Financial Statements

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the current fiscal year end. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property taxes, intergovernmental consolidated taxes, grants,

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2020

and interest. All other revenue sources are considered to be measurable and available only when cash is received by the District. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, obligations for pensions and other postemployment benefits, and claims and judgments are recorded only when payment is due.

The District classifies and reports the following as major governmental funds:

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

Las Vegas-Clark County Library District Foundation Fund – This special revenue fund accounts for contributions that are to be used for charitable and educational purposes to aid, support, and assist the promotion, growth, and improvement of the District.

Capital Projects Fund – The capital projects fund is used to account for financial resources to be used for the improvement, acquisition or construction of major capital assets.

Additionally, the District reports the following non-major governmental fund types:

Special Revenue Funds – The special revenue funds are used to account for the proceeds of specific revenue sources that are legally or otherwise restricted to expenditures for specific purposes (other than capital projects and debt service).

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for and the payment of general long-term debt principal, interest and related costs.

Permanent Fund – The permanent fund accounts for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs. Pursuant to the trust agreement, the earnings of this fund are restricted for the purchase of library media materials.

The District has no nongovernmental fund types.

Assets, Liabilities and Net Position or Fund Balance

Deposits and Investments

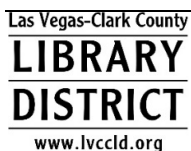
The District's cash equivalents are considered to be short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value regardless of the length of time remaining to maturity.

Receivables, Payables and Transfers

During the course of operations, individual funds engage in numerous transactions with one another for goods provided or services rendered. The resulting payables and receivables that are outstanding at year end are reported as due to/from other funds. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2020

Upon the certification of tax rates by the State of Nevada (the State) Tax Commission, the County Commission levies the tax rate for the fiscal period beginning with the succeeding July 1. Effective upon the tax levy on July 1 each year, a perpetual lien is recorded against the property assessed until the tax and any penalty charges and interest, which may accrue thereon, are paid. The County Assessor assesses all real and personal property and the County Treasurer bills and collects the District's share of property taxes. Real property taxes are due on the third Monday in August of each year and may be paid in quarterly installments on or before the third Monday in August and first Mondays in October, January and March. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien. The County Treasurer remits on a monthly basis current and delinquent property tax collections to the District.

Property taxes receivable that are not expected to be collected within 60 days of year end are classified as unavailable revenue in the fund financial statements, rather than current revenue, since the asset is not available to satisfy current obligations. Unearned revenues arise when the District receives resources before it has a legal claim to them as when property taxes for the following tax year are received before year end. Other receivables are shown net of an allowance for uncollectible amounts.

Restricted Assets

Financial resources that are legally restricted to pay debt service, finance construction projects or to the extent that only earnings, and not principal, may be used are reported as restricted assets in both the government-wide and fund financial statements.

Prepaid Items and Inventory

Certain payments to vendors reflect costs applicable to future periods. In the governmental fund financial statements, these payments are recorded as expenditures when purchased rather than when consumed and are reported as prepaid items in the entity-wide financial statements.

Inventory comprised solely of books and other donated library materials. In the governmental fund financial statements, inventory is recorded as expenditures when purchased rather than when consumed and is reported as library media materials in the entity-wide financial statements.

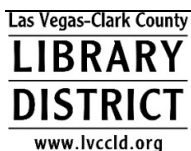
Notes Receivable

Notes receivables are due to the Foundation as a result of transactions related to the NMTC Program. The first note in the face amount of \$11,335,600, bears interest at 1.0% per annum, is payable in annual interest only payments through July 26, 2024, and annual principal and interest payments thereafter through July 25, 2045. The second note in the face amount of \$6,646,000, bears interest at 1.203% per annum, is payable in quarterly interest only payments through September 15, 2024, and quarterly principal and interest payments thereafter through December 19, 2043.

Capital Assets

Capital assets are reported only in the government-wide financial statements. These assets include land, buildings, library media materials, furniture and equipment, and construction in progress. All purchased capital assets are valued at cost where historical records are available and, where no historical records exist, at estimated historical cost.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2020

Donated capital assets are valued at their estimated acquisition value on the date received. The District has a capitalization threshold of \$5,000.

The cost of normal maintenance and repairs that do not significantly increase the functionality of the assets or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as the projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	5-50
Library media materials	5
Furniture and equipment	5-20

Compensated Absences

It is the District's policy to permit employees to accumulate earned vacation and sick leave benefits that would be paid to them upon separation from District service if not previously taken. Accrued vacation and sick leave are reported in the government-wide financial statements. A liability for compensated absences is reported in the fund financial statements only to the extent that payment is due, for example, as a result of employee resignations and retirements prior to year-end. Expenditures for compensated absences are recognized by the applicable fund when paid.

Voluntary Employee Separation Program

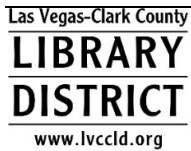
In May 2020, the Board approved a motion to establish a Voluntary Employee Separation Program (VESP) as a measure to reduce operating expenditures in the general fund. The program offered eligible employees an opportunity to apply for a voluntary separation and receive benefits related thereto. To be eligible the employee must be 1) a full-time District employee with a minimum of five full years of District service, 2) be fully vested in the Nevada Public Employees' Retirement System, and 3) have attained age 65, with a partial year rounded to the nearest full year. Program benefits included one week of compensation for every year of service with the District, with partial years rounded to the nearest full year. Additionally, employees approved for participation in the VESP received a payout of 100% of their sick pay accrual, as opposed to the 60% normally paid plus all other accrued leave paid out under current District policies. At June 30, 2020, only two employees had completed the VESP application and were approved to receive VESP benefits. Under applicable GASB requirements, at June 30, 2020, a liability for unpaid VESP benefits totaling approximately \$8,000 has been accrued in the fund financial statements. Subsequent to June 30, 2020, and prior to the expiration of the VESP offer (July 31, 2020), an additional 47 District employees completed the VESP application and were approved to receive VESP benefits.

Deferred Compensation Plan

The District offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all District employees, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency.

The Plan assets are held in trust outside the control of the District. Since the assets, liabilities and income of the Plan are not considered those of the District and are not subject to the claims of the District's general creditors, they are not reported in the government-wide or fund financial statements.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2020

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The District uses the same basis used in the Public Employees' Retirement System of Nevada's (PERS) Comprehensive Annual Financial Report, for reporting its proportionate share of the PERS collective net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, including information related to PERS fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized by PERS when due and payable in accordance with the benefit terms. PERS investments are reported at fair value.

Deferred Inflows and Outflows of Resources

Deferred outflows of resources, represents a consumption of net position or fund balance that applies to future periods; and therefore, will not be recognized as an outflow of resources (expense/expenditure) until then. The government-wide statement of net position reports 1) the changes in proportion, changes in assumptions and differences between actual contributions and proportionate share of contributions related to pensions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, 2) the net difference between projected and actual earnings on investments, which will be amortized over five years, and 3) contributions made subsequent to the measurement date, which will be recognized in the subsequent year.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds balance sheet reports unavailable property tax revenues and interest income, which will be recognized as revenue in the period that the amounts become available. The government-wide statement of net position reports 1) the differences between expected and actual experience and differences between actual contributions and proportionate share of contributions related to pensions, which will be amortized over the average expected remaining service life of all employees that are provided with pension benefits, and 2) the net difference between projected and actual earnings on investments, which will be amortized over five years.

Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities, net of unamortized bond premiums in the statement of net position. Bond premiums are deferred and amortized over the life of the related bonds using the effective interest method.

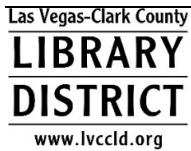
In the fund financial statements, bond premiums and issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance

Governmental fund balances are classified and reported as follows:

- Nonspendable fund balances include items that cannot be spent. This includes amounts that are not in a spendable form (for example, inventories and prepaid items) and amounts that are legally or contractually required to remain intact, such as a permanent fund principal balance.
- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2020

- Committed fund balances can be used only for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board, the District's highest level of decision-making authority. These constraints remain binding unless removed or changed in the same manner used to create the constraints.
- Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Such intent is expressed by the Board or appropriately authorized officials. The District's Chief Financial Officer has been authorized by the Board in the budget approval process to make all fund balance assignments. Constraints imposed on the use of assigned fund balances can be removed or changed without formal Board action. For governmental funds, other than the general fund, this is the classification for residual amounts that are not restricted, committed or nonspendable.
- Unassigned fund balance is the classification used by the general fund for residual amounts not included in the four categories described above. The general fund is the only fund that reports a positive unassigned fund balance.

Prioritization and Use of Available Resources

When both restricted resources and other resources (*i.e.*, committed, assigned and unassigned) can be used for the same purposes, it is the District's policy to use restricted resources first. Furthermore, when committed, assigned and unassigned resources can be used for the same purpose, it is the District's policy to use committed resources first, assigned second, and unassigned last.

Note 2. Stewardship, Compliance and Accountability

Budgetary Information

The District adopts annual budgets for all funds except for the permanent, Foundation and QALICB funds, which are not budgeted. All budget augmentations made during the current year were as prescribed by law. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States and used by the District for financial reporting.

The District uses the following procedures to establish, modify, and control budgetary data:

1. Prior to April 15, the District submits the tentative budget for the next fiscal year, commencing on July 1, to the State Department of Taxation. The Las Vegas City Council and the Board of County Commissioners have the ability to reject the tentative budget prior to its submission to the State. The budget, as submitted, contains the proposed expenditures and the means of financing them.
2. The State Department of Taxation notifies the District of its acceptance of the tentative budget.
3. Public hearings are conducted on the Thursday after the third Monday in May.
4. After all changes have been noted and the hearings closed, the District's Board adopts the budget on or before June 1.
5. Augmentations of the budget are accomplished through formal Board action.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

6. The NRS require budget controls to be exercised at the function level. The Executive Director of the District is authorized to transfer budget amounts between functions within a fund. However, the Board's approval is required for all transfers between funds.
7. The District cannot expend any money, incur any liability or enter into any contract, which by its terms involves the expenditure of money in excess of the amount appropriated for a given function, except for bond payments, short-term financing payments and any other long-term contracts expressly authorized by law.
8. All unencumbered appropriations lapse at the fiscal year end, except for amounts appropriated for specific capital projects or Federal and State grant expenditures.

New Accounting Pronouncements

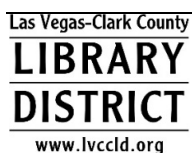
In June 2017, the GASB issued Statement No. 87, *Leases*, effective for periods beginning after June 15, 2021. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognition of deferred inflows or outflows of resources based on the payment provisions of the contract. Management has not yet completed its assessment of this statement.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for periods beginning after June 15, 2022. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) for government end users and requires recognition of right to use assets and corresponding liabilities for SBITA's that meet certain criteria. Management has not yet completed its assessment of this statement.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The requirements of this statement related to Internal Revenue Code Section 457 Deferred Compensation Plans are effective for periods beginning after June 15, 2021, all other requirements were effective and adopted for the year ended June 30, 2020. This statement provides guidance to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board, 2) mitigate costs associated with the reporting of certain defined contribution pension plans, and 3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans. The requirements of this statement that were effective and adopted for the year ended June 30, 2020, did not have a material effect on the District's financial position or changes therein. Management has not yet completed its assessment of the requirements of this statement related to Internal Revenue Code Section 457 Deferred Compensation Plans.

Management has completed its assessment of all other new, but not yet effective GASB statements and determined that they will not have a material effect on the District's financial position or changes therein.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District
Notes to Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

Tax Abatements

All tax abatement agreements/programs, entered into by the State of Nevada, have been summarized, by type of agreement/program and the gross, accrual basis reduction of the District's taxes for the year ended June 30, 2020 aggregated as follows:

Agreement/program description	Nevada Revised Statutes 360.753 - Partial abatement of certain taxes imposed on aircraft, components of aircraft and other personal property used for certain purposes related to aircraft
Amount abated during the current year	\$3,294
Specific tax being abated	Personal property taxes and/or sales and use taxes
Agreement/program description	NRS 360.754 - Partial abatement of certain taxes imposed on new or expanded data center
Amount abated during the current year	\$73,867
Specific tax being abated	Property taxes and/or sales and use taxes
Agreement/program description	NRS 701A - Energy-related tax incentives (NRS 701A.110 Partial abatement of certain property taxes for buildings or structures that meet certain standards under Green Building Rating System, NRS 701A.200 Exemption from certain property taxes for qualified energy systems, NRS 701A.210 Partial abatement of certain property taxes for businesses and facilities using recycled material)
Amount abated during the current year	\$49,695
Specific tax being abated	Property taxes and/or sales and use taxes
Agreement/program description	NRS 374.357 - Abatement for eligible machinery or equipment used by certain new or expanded businesses
Amount abated during the current year	\$46,014
Specific tax being abated	Sales and use taxes

Note 3. Detailed Notes on all Funds

Deposits and Investments

The District has a formal investment policy that is designed to ensure conformity with the NRS and to limit exposure to investment risks as described in the following paragraphs.

Allowable District investments include obligations of the U.S. Treasury and U.S. agencies, not to exceed ten years maturity; negotiable notes or short-term negotiable bonds issued by other local governments of the State; bankers' acceptances eligible for rediscount with Federal Reserve Banks, not to exceed 180 days maturity and 20% of total investments; commercial paper having an "A-1" rating or equivalent, not to exceed 270 days maturity and 20% of total investments; and money market mutual funds invested only in federal government agency securities with an "AAA" rating or equivalent or in repurchase agreements fully collateralized by such securities.

When investing monies, the District is required to comply with the NRS. District monies must be deposited with federally insured banks. The District is authorized to use demand accounts, time accounts and certificates of deposit. The NRS do not specifically require collateral for demand deposits, but do specify that collateral for time deposits may be of the same type as those described for permissible State investments. Permissible State investments are similar to allowable District investments, described above, except that some State investments are for longer terms and include securities issued by municipalities outside of the State.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

At year end, the District's carrying amount of deposits was \$19,208,219, and the bank balance was \$19,367,850. The Federal Depositary Insurance Corporation (FDIC) covered \$250,000 of the bank balance at fiscal year end. However, the District's bank balance is collateralized with securities held by the pledging bank's trust department or agent in the District's name up to 102% of the average bank balance in excess of the FDIC limit. The District often carries cash and cash equivalents on deposit with financial institutions in excess of federally-insured limits, and the risk of losses related to such concentrations, as a result of continuing economic instability, is not subject to estimation at this time.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the District's formal investment policy, the District manages its exposure to interest rate risk by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value, establishes a framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are as follows:

- Level 1. Inputs are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2. Inputs are other observable inputs.
- Level 3. Inputs are unobservable.

The fair value measurement level within the hierarchy is based on the lowest level of any input that is deemed significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

At June 30, 2020, the District's Level 1 investments were valued based on quoted market prices provided by recognized broker dealers and its Level 2 investments were valued, by recognized broker dealers, based on a matrix pricing model that maximizes the use of observable inputs for similar securities or, for certificates of deposit, amortized cost.

At June 30, 2020, the District had the following investments and maturities:

Investments:	Reported amount/fair value	Investment Maturities (In Years)	
		Less than 1	1 to 5
U.S. Treasuries (Level 1)	\$ 8,314,878	\$ 638,052	\$ 7,676,826
Certificates of deposit (Level 2)	3,070,831	2,510,016	560,815
U.S. Agencies (Level 2)	990,297		990,297
	<u>\$ 12,376,006</u>	<u>\$ 3,148,068</u>	<u>\$ 9,227,938</u>

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical organization. The District's formal investment policy mitigates this risk by limiting investments to the safest types of securities, pre-qualifying entities (e.g., financial institutions, intermediaries, advisors) and diversifying its investment portfolio. At June 30, 2020, all of the District's investments were rated "AAA" or "AA."

The District's policy places no limits on the amount that can be invested in any one issuer beyond that stipulated by the NRS.

In addition to the District's investment in U.S. Treasuries, investments in any one issuer that represents 5% or more of the District's total investments at June 30, 2020, were as follows:

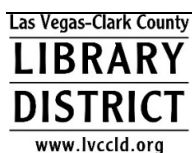
<u>Issuer</u>	<u>Investment Type</u>	<u>Reported amount/ fair value</u>
Federal Home Loan Mortgage Corp.	U.S. Agencies	\$ 790,283

Property and Equipment

Changes in capital assets for the year ended June 30, 2020, were as follows:

	<u>Balance June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2020</u>
Capital assets not being depreciated:				
Land	<u>\$ 5,706,578</u>			<u>\$ 5,706,578</u>
Capital assets being depreciated:				
Buildings	158,489,025			158,489,025
Improvements	3,755,650			3,755,650
Library media materials	95,106,368	9,356,240	(3,185,606)	101,277,002
Furniture and equipment	<u>17,748,675</u>	<u>856,897</u>	<u>(907,273)</u>	<u>17,698,299</u>
	<u>275,099,718</u>	<u>10,213,137</u>	<u>(4,092,879)</u>	<u>281,219,976</u>
Less accumulated depreciation for:				
Buildings	(42,534,567)	(3,344,636)		(45,879,203)
Improvements	(3,135,514)	(102,407)		(3,237,921)
Library media materials	(38,042,548)	(5,653,860)	3,185,606	(40,510,802)
Furniture and equipment	<u>(15,024,975)</u>	<u>(748,908)</u>	<u>905,745</u>	<u>(14,868,138)</u>
	<u>(98,737,604)</u>	<u>(9,849,811)</u>	<u>4,091,351</u>	<u>(104,496,064)</u>
	<u>\$ 182,068,692</u>	<u>\$ 363,326</u>	<u>\$ (1,528)</u>	<u>\$ 182,430,490</u>

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District
Notes to Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

Interfund Receivables, Payables, and Transfers

At June 30, 2020, amounts due to and from other funds resulting from the time lag between the dates that reimbursable transactions occur and payments between funds are made, were as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	QALICB	\$ 10
Gift	Las Vegas-Clark County Library District - Foundation	80,126
QALICB	Las Vegas-Clark County Library District - Foundation	63,605
QALICB	General	36,394

Transfers of revenues collected in various funds are used to finance various programs and expenditures accounted for in other funds in accordance with budgetary authorization or legal requirements. Interfund balances as of June 30, 2020, were as follows:

Interfund transfers:

<u>Transfer out</u>	<u>Transfer in</u>	<u>Amount</u>
General	Capital projects	\$ 3,000,000

Operating Lease Commitments

The District leases certain facilities under non-cancelable operating leases, which expire (including three two-year renewal periods) in May 2028. Rent expense resulting from such leases was \$17,616 for the year ended June 30, 2020.

At June 30, 2020, approximate future minimum lease payments were as follows:

<u>Years ending June 30,</u>	
2021	\$ 17,616
2022	17,616
2023	17,616
2024	17,616
2025	17,616
2026-2028	49,912

General Obligation Bonds and Notes Payable

The District issues general obligation bonds and notes payable to provide funds for the improvement, acquisition or construction of major capital assets. These constitute general obligations of the District, and the full faith and credit of the District are pledged for the payment of principal and interest.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

General obligation bonds and notes payable outstanding at June 30, 2020, were as follows:

	<u>Maturity date</u>	<u>Original amount</u>	<u>Interest rate</u>	<u>Balance June 30, 2020</u>
LVCIC QLICI – Loan A	July 2057	\$ 11,335,600	1.203%	\$ 11,335,600
LVCIC QLICI – Loan B	July 2057	5,154,400	1.203%	5,154,400
Clearinghouse QLICI – Loan A	December 2047	6,646,000	1.000%	6,646,000
Clearinghouse QLICI – Loan B	December 2047	3,154,000	1.000%	3,154,000
		<u>\$ 26,290,000</u>		<u>\$ 26,290,000</u>

Annual debt service requirements to maturity were as follows:

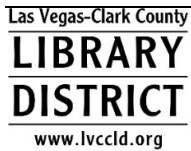
<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021		\$ 296,367	\$ 296,367
2022		296,367	296,367
2023		296,367	296,367
2024		293,061	293,061
2025	\$ 391,035	298,067	689,103
2026-2030	4,058,855	1,349,572	5,408,427
2031-2035	4,288,659	1,118,851	5,407,510
2036-2040	4,531,583	874,953	5,406,536
2041-2045	4,788,383	617,120	5,405,503
2046-2050	3,855,685	374,327	4,230,012
2051-2055	2,846,401	175,463	3,021,863
2056-2058	1,529,398	21,253	1,550,651
	<u>\$26,290,000</u>	<u>\$ 6,011,768</u>	<u>\$32,301,768</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2020, was as follows:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>	<u>Due within one year</u>
LVCIC QLICI – Loan A	\$ 11,335,600			\$ 11,335,600	
LVCIC QLICI – Loan B	5,154,400			5,154,400	
Clearinghouse QLICI – Loan A	6,646,000			6,646,000	
Clearinghouse QLICI – Loan B	3,154,000			3,154,000	
Compensated absences	6,158,661	\$ 2,881,194	\$ (1,945,358)	7,094,497	\$ 1,984,266
Obligation for postemployment benefits other than pensions	1,886,724	55,202	(206,172)	1,735,754	
Net pension liability	46,397,158	5,409,136	(3,882,249)	47,924,045	
	<u>\$ 80,732,543</u>	<u>\$ 8,345,532</u>	<u>\$ (6,033,779)</u>	<u>\$ 83,044,296</u>	<u>\$ 1,984,266</u>

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2020

The compensated absences, obligation for postemployment benefits other than pensions and net pension liability are normally liquidated by the general fund.

Note 4. Other Information

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains a risk management program to assess coverage of potential risks of loss. Under this program, the District participates in workers' compensation and unemployment programs provided by the State. For all other risks, the District purchases insurance coverage subject to nominal deductibles. Settled claims and awards have not exceeded this commercial coverage in any of the past three fiscal years.

During the first quarter of 2020, the outbreak of the COVID-19 pandemic caused significant volatility in U.S. and international economies and has led to a global health emergency. As a result, all non-essential business operations in Nevada ceased on March 17, 2020, and did not begin reopening until mid-May 2020. However, a significant portion of the District's revenues are from property and intergovernmental consolidated (sales and use) taxes. Property taxes in Nevada are assessed on a fiscal year basis beginning July 1 and were substantially collected for the year ended June 30, 2020, prior to the start of the COVID-19 pandemic; therefore, the impact on the District for the year ended June 30, 2020, has been minimal. However, the intergovernmental consolidated (sales and use) taxes are highly dependent on tourism and the COVID-19 pandemic and the closure of businesses in Nevada had a significant negative impact on the intergovernmental consolidated (sales and use) taxes. To mitigate the COVID-19 pandemic impact, the District took immediate action to maintain financial sustainability, including, but not limited to the following:

- Employee positions representing approximately \$1.1 million in annual expenditures were eliminated
- Open positions were frozen and will only be filled on a case-by-case evaluation based on operational needs
- The services and supplies budget was decreased by approximately \$1.2 million
- All branch renovation projects were put on hold and other capital projects were reduced to the minimum necessary to maintain operations
- Rebranding and other non-essential marketing campaigns were put on hold
- A Voluntary Employee Separation Program was implemented
- Voluntary furloughs were given to employees concerned with returning to work during the pandemic

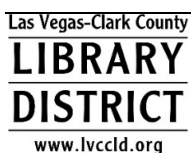
The future impact of the COVID-19 pandemic is unknown and rapidly evolving. The ultimate long-term impact on the District's financial position and changes therein cannot be determined at this time, but may be substantial.

Contingent liabilities

In the ordinary course of its operations, claims are filed against the District. It is the opinion of management that, except as disclosed in the following paragraph, these claims will not result in any material adverse effect on the District's financial statements.

The District does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters, but rather records such period costs when the services are rendered.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2020

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan

The District's employees are covered by the Public Employees' Retirement System of Nevada (PERS), which was established by the Nevada Legislature in 1947, effective July 1, 1948, and is governed by the Public Employees' Retirement Board (the PERS Board) whose seven members are appointed by the governor. The District does not exercise any control over PERS.

PERS is a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both regular and police/fire members. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits, as required by NRS, are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the system on or after January 1, 2010 and July 1, 2015. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed as 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the system on or after January 1, 2010, there is a 2.5% multiplier. Regular members entering PERS on or after July 1, 2015, have a 2.25% multiplier. PERS offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575 - .579, which are summarized as follows:

Retirees are eligible for annual benefit increases starting the fourth year of initially receiving benefits. Benefits are increased annually on the first day of the month following the anniversary of the commencement of benefits. The increases begin at 2% in years four, five, and six; increase to 3% in years seven, eight, and nine; 3.5% in years ten, eleven, and twelve; 4% for years thirteen and fourteen; and 5% in year fifteen and each year thereafter. If the benefit outpaces inflation in the period since retirement, the increase may be capped by a rolling three-year average of the Consumer Price Index (all items).

Retirees who enter the System on or after January 1, 2010, are eligible for annual benefit increases starting the fourth year of initially receiving benefits. Benefits are increased annually on the first day of the month following the anniversary of the commencement of benefits. The increases begin at 2% in years four, five, and six; increase to 3% in years seven, eight, and nine; 3.5% in years ten, eleven, and twelve; and 4% in year thirteen and each year thereafter. If the benefit outpaces inflation in the period since retirement, the increase may be capped by a rolling three-year average of the Consumer Price Index (all items)

Retirees who enter the System on or after July 1, 2015, are eligible for annual benefit increases starting the fourth year of initially receiving benefits. Benefits are increased annually on the first day of the month following the anniversary of the commencement of benefits. The increases begin at 2% in years four, five, and six; increase to 2.5% in years seven, eight, and nine; then adjust to the lesser of 3% or the increase, if any, in the Consumer Price Index (all items) for the preceding calendar year following the tenth year and every year thereafter.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2020

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Regular members entering the system on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 62 with ten years of service, at age 55 with 30 years of service, or at any age with 33 1/3 years of service.

Police/fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/fire members entering the system on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Police/Fire entering the system on or after July 1, 2015, are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, at age 50 with twenty years of, and at any age with 33 1/3 years of service. Only service performed in a position as a police officer or firefighter may be counted toward the eligibility for retirement as police/fire accredited service.

Members with the years of service necessary to receive a retirement benefit but who have not reached the age for an unreduced benefit may retire at any age with the benefit reduced by 4% for each full year they are under the required age. Members entering the System on or after January 1, 2010, with the years of service necessary to receive a retirement benefit but who have not reached the age for an unreduced benefit may retire at any age with the benefit reduced by 6% for each full year they are under the required age.

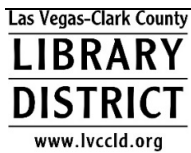
The normal ceiling limitation on the monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both regular and police/fire members become fully vested as to benefits upon completion of five years of service.

The authority for establishing and amending the obligation to make contributions and member contribution rates rests with NRS. New hires, in agencies which did not elect the employer-pay contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two alternative contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer pay contributions only. Under the matching employee/employer contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan and cannot withdraw these contributions. The District elected the EPC plan prior to July 1, 1983.

PERS's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due. PERS receives an actuarial valuation on an annual basis for determining the prospective funding contribution rates required to fund the system on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by NRS. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450. The actuarial funding method used is the entry age normal cost method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal year ended June 30, 2020, the required employer/employee matching rate was 15.25% for regular and 22.0% for police/fire members. The EPC rate was 29.25% for regular and 42.50% for police/fire members.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2020

PERS issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplemental information. This report is available on the PERS website, www.nvpers.org under publications.

PERS collective net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For this purpose, certain actuarial valuation assumptions are stipulated by GASB and may vary from those used to determine the prospective funding contribution rates.

The total PERS pension liability was determined using the following actuarial assumptions (based on the results of an experience study for the period July 1, 2012 through June 30, 2016), applied to all periods included in the measurement:

Actuarial valuation date	June 30, 2019
Inflation rate	2.75%, beginning of year 2.75%, end of year
Payroll growth	5.50% for regular employees and 6.50% for police/fire, including inflation
Investment rate of return	7.50%, beginning of year 7.50%, end of year
Discount rate	7.50%
Productivity pay increase	0.50%
Consumer price index	2.75%
Actuarial cost method	Entry age normal and level percentage of payroll
Projected salary increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases

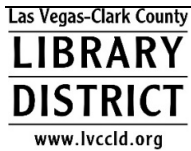
At June 30, 2019, assumed mortality rates and projected life expectancies for selected ages were as follows:

Age	All Members			
	Mortality Rates		Expected Years of Life Remaining	
	Males	Females	Males	Females
40	0.20%	0.14%	40.4	43.6
50	0.49%	0.38%	31.4	34.5
60	0.90%	0.59%	23.2	25.9
70	1.81%	1.26%	15.6	17.7
80	4.55%	3.42%	9.1	10.5

These mortality rates and projected life expectancies are based on the following:

- For non-disabled, healthy members – Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for members at age 50 from the employees mortality table listed above. The mortality rates are then projected to 2020 with Scale MP-2016.
- For all disabled members – Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years.
- For pre-retirement members – Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2020

PERS's policies, which determine the investment portfolio target asset allocation, are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of PERS.

The following target asset allocation policy was adopted as of June 30, 2019:

Asset Class	Target Allocation	Long-term Geometric Expected Real Rate of Return *
U.S. Stocks	42%	5.50%
International stocks	18%	5.50%
U.S. bonds	28%	0.75%
Private markets	12%	6.65%

* These geometric return rates are combined to produce the long-term expected rate of return by adding the long-term expected inflation rate of 2.75%.

The discount rate used to measure the total pension liability was 7.5% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made in amounts consistent with statutory provisions and recognizing the plan's current funding policy and cost-sharing mechanism between employers and members. Based on that assumption, PERS fiduciary net position at June 30, 2019, was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.5%) was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

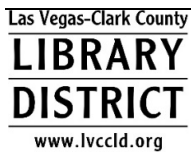
The District's proportionate share of the net pension liability at year end, calculated using the discount rate of 7.5%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current discount rate was as follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Net pension liability	\$ 74,203,884	\$ 47,924,045	\$ 26,078,249

Detailed information about PERS fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website, www.nvpers.org under publications. PERS fiduciary net position and additions to/deductions from it have been determined on the same basis used in the PERS Comprehensive Annual Financial Report. PERS financial statements are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental accounting for fiduciary funds. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The District's proportionate share (amount) of the collective net pension liability was \$47,924,045, which represents 0.35145% of the collective net pension liability. Contributions for employer pay dates within the fiscal year ending June 30, 2019, were used as the basis for determining each employer's proportionate share. Each employer's proportion of the net pension liability is based on their combined employer and member contributions relative to the total combined employer and member contributions for all employers for the period ended June 30, 2019.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District
Notes to Basic Financial Statements (continued)
For the Fiscal Year Ended June 30, 2020

For the year ended June 30, 2019, the District's pension expense was \$5,409,136 and its reported deferred outflows and inflows of resources related to pensions were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,797,097	\$ 1,382,308
Changes in assumptions	1,950,310	
Net difference between projected and actual earnings on investments		2,384,049
Changes in proportion and differences between actual contributions and proportionate share of contributions	1,763,513	194,882
Contributions subsequent to measurement date	3,783,964	

At June 30, 2019, the average expected remaining service life was 6.18 years.

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date totaling \$3,783,964 will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years ending June 30,</u>	
2021	11,037,247
2022	(74,363,601)
2023	20,429,515
2024	25,307,317
2025	14,382,505
2026	1,657,337

Changes in the District's net pension liability were as follows:

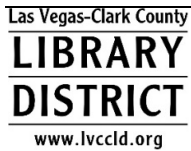
Net pension liability, beginning of year	\$ 46,397,158
Pension expense	5,409,136
Employer contributions	(3,383,318)
Change in net deferred outflows and inflows	<u>(498,931)</u>
Net pension liability, end of year	<u>\$ 47,924,045</u>

At June 30, 2020, \$403,248 was payable to PERS, for the June 2020 required contribution, and is included in accrued payroll.

Postemployment Benefits Other Than Pensions (OPEB)

In accordance with NRS, the District provides other postemployment benefits to retirees by participating in the State's Public Employee Benefit Plan (PEBP), an agent multiple-employer, cost-sharing defined benefit plan administered by a ten member governing board of which nine members are appointed by the State's Governor and the Director of the Department of Administration or their designee. PEBP provides medical, prescription, dental and vision benefits to retirees. The District does not provide any other postemployment benefits (either directly or indirectly).

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2020

The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the following address: Public Employee Benefit Plan, 901 South Stewart Street, Suite 101, Carson City, NV 89701.

PEBP eligibility and subsidy requirements are governed by the NRS and can only be amended through legislation. In 2008, NRS were amended. As a result of this amendment, the number of retirees for whom the District is obligated to provide postemployment benefits is limited to eligible employees who retired from District service prior to September 1, 2008.

The District is required to provide a subsidy, based on years of service for its retirees that have enrolled in the PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State Legislature. In the current fiscal year, this subsidy ranged from \$10 to \$1,095 per retiree, per month.

At June 30, 2020, 34 retirees were covered by and receiving benefits from the PEBP.

The District's total OPEB obligation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Actuarial valuation date	July 1, 2020
Measurement date	June 30, 2020
Discount rate	3.0%, beginning of year 2.6%, end of year
Actuarial cost method	Entry age normal, level percent-of-pay
Total retirees	34
Average retiree age	74.9 years
Average retiree life expectancy	14.8 years
Projected salary increases	N/A*
Projected trend on payments to PEBP	6.5% per annum, decreasing 0.25 to 0.5% per year to an ultimate rate of 4.5%
Mortality rates	Society of Actuaries Pub-2010 Public Retirement Plans of Headcount - Weighted General Mortality Tables using Scale MP-2019 Full Generational Improvement

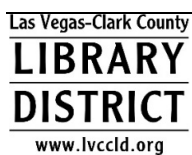
* PEBP is a closed plan; and therefore, there are no current District employees covered by the PEBP.

There were no changes in OPEB benefit terms that affected the measurement of the District's total OPEB liability during the year ended June 30, 2020.

At year end, the District's total OPEB obligation sensitivity to changes in the discount rate and healthcare cost trend rate was as follows:

	1% Decrease in Discount Rate	Discount Rate	1% Increase in Discount Rate
Total OPEB liability	\$ 1,943,845	\$ 1,735,754	\$ 1,560,246
	1% Decrease in Healthcare Cost Trend Rate	Healthcare Cost Trend Rate	1% Increase in Healthcare Cost Trend Rate
Total OPEB liability	\$ 1,570,050	\$ 1,735,754	\$ 1,927,335

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Notes to Basic Financial Statements (continued) For the Fiscal Year Ended June 30, 2020

At June 30, 2020, changes in the District's total OPEB obligation were as follows:

Total OPEB obligation, beginning of year	<u>\$ 1,886,724</u>
Service cost	N/A*
Interest on total OPEB obligation	55,202
Differences between expected and actual experience	1,781
Changes of assumptions or other inputs	(114,655)
Benefit payments	<u>93,298</u>
Net change in total OPEB obligation	<u>(150,970)</u>
Total OPEB obligation end of year	<u>\$ 1,735,754</u>

* PEBP is a closed plan; and therefore, there are no current District employees covered by the PEBP.

As the District's OPEB obligation includes only retirees, the average expected remaining service life is zero; and therefore, changes in deferred outflows and inflows of resources are recognized in OPEB expense in the year incurred.

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Required Supplementary Information

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**Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual - General Fund
 For the Fiscal Year Ended June 30, 2020**

	Budget			Variance to
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	\$ 44,855,000	\$ 44,855,000	\$ 46,269,508	\$ 1,414,508
Intergovernmental revenues, consolidated taxes	24,185,000	24,185,000	22,414,958	(1,770,042)
Charges for services	1,570,000	1,570,000	1,035,009	(534,991)
Interest	15,000	15,000	87,176	72,176
Contributions			211,346	211,346
Miscellaneous	765,000	765,000	778,527	13,527
Total revenues	71,390,000	71,390,000	70,796,524	(593,476)
Expenditures				
Culture and recreation:				
Salaries and wages	32,366,060	32,366,060	30,101,581	2,264,479
Employee benefits	13,394,128	13,394,128	12,266,495	1,127,633
Supplies and services	16,203,089	16,203,089	12,024,376	4,178,713
Capital outlay	10,831,667	10,831,667	9,207,087	1,624,580
Total expenditures	72,794,944	72,794,944	63,599,539	9,195,405
Excess (deficiency) of revenues over expenditures	(1,404,944)	(1,404,944)	7,196,985	8,601,929
Other financing uses				
Transfers out	(6,000,000)	(6,000,000)	(3,000,000)	3,000,000
Net change in fund balance	(7,404,944)	(7,404,944)	4,196,985	11,601,929
Fund balance, beginning of year	14,758,056	14,758,056	14,576,974	(181,082)
Fund balance, end of year	<u>\$ 7,353,112</u>	<u>\$ 7,353,112</u>	<u>\$ 18,773,959</u>	<u>\$ 11,420,847</u>

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Schedule of Changes in Total OPEB Liability Postemployment Benefits Other Than Pensions For the Fiscal Year Ended June 30, 2020 and Prior Nine Fiscal Years *

Valuation Year	Service Cost	Interest on Total OPEB Liability	Changes in Benefit Terms	Differences Between Expected and Actual Experience	Changes in Assumptions or Other Inputs	Benefit Payments**	Net Change in Total OPEB Liability	Total OPEB Liability, Beginning of Year	Total OPEB Liability, End of Year	Covered-Employee Payroll	Total OPEB Liability, End of Year as a Percentage of Covered-Employee Payroll
2020	N/A***	\$ 55,202	\$ -	\$ 1,781	\$ (114,655)	\$ (93,298)	\$ (150,970)	\$ 1,886,724	\$ 1,735,754	N/A***	N/A***
2019	N/A***	63,980	-	(80,090)	10,199	(92,336)	(98,247)	1,984,971	1,886,724	N/A***	N/A***
2018	N/A***	71,482	-	(165,020)	22,856	(93,503)	(164,185)	2,149,156	1,984,971	N/A***	N/A***

* Information for the multiple-employer defined benefit postemployment benefit plan is not available for measurement years prior to the year ended June 30, 2018. As information becomes available this schedule will ultimately present information for the ten most recent fiscal years.

** Benefit payments are equal to the statutorily required employer contributions.

*** PEBP is a closed plan; and therefore, no current employees are covered by PEBP and there is no current service cost.

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Proportionate Share of the Collective Net Pension Liability Information

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan For the Fiscal Year Ended June 30, 2020 and Prior Nine Fiscal Years *

Valuation Year	Proportion of the collective net pension liability	Proportionate share of the collective net pension liability (asset)	Covered payroll	Proportionate share of the collective net pension liability as a percentage of covered payroll	PERS fiduciary net position as a percentage of the total pension liability
2019	0.35145%	\$ 47,924,045	\$ 23,794,894	201.40474%	76.45733%
2018	0.34021%	46,397,158	21,929,216	211.57691%	75.23536%
2017	0.34239%	45,536,922	21,261,880	214.17166%	74.22995%
2016	0.34184%	46,002,178	20,429,244	225.17807%	72.22995%
2015	0.34184%	38,432,593	19,776,530	194.33436%	75.12612%
2014	0.33538%	34,406,633	19,036,828	180.73722%	76.31210%

* Information for the multiple-employer cost-sharing defined benefit pension plan is not available for measurement years prior to the year ended June 30, 2014. As information becomes available this schedule will ultimately present information for the ten most recent fiscal years.

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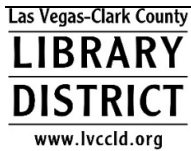
Proportionate Share of Statutorily Required Pension Contribution Information

Multiple-Employer Cost-Sharing Defined Benefit Pension Plan For the Fiscal Year Ended June 30, 2020 and Prior Nine Fiscal Years *

Valuation Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2020	\$ 7,567,929	\$ 7,567,929	\$ -	\$ 25,005,967	30.26449%
2019	6,761,114	6,761,114	-	23,794,894	28.41414%
2018	6,328,094	6,328,094	-	21,929,216	28.85691%
2017	6,174,110	6,174,110	-	21,261,880	29.03840%
2016	5,862,383	5,862,383	-	20,429,244	28.69603%
2015	5,191,083	5,191,083	-	19,776,530	26.24870%

* Information for the multiple-employer cost-sharing defined benefit pension plan is not available for years prior to the year ended June 30, 2015. As information becomes available this schedule will ultimately present information for the ten most recent fiscal years.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

**Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2020**

Note 1. Budget Information

The accompanying required supplementary schedule of revenues, expenditures and changes in fund balance presents the original adopted budget, the final amended budget and actual general fund data. The original budget was adopted on a basis consistent with the Las Vegas-Clark County Library District's (the District) financial accounting policies and accounting principles generally accepted in the United States. All amendments made to the original budget were as prescribed by law and similarly consistent.

Additional budgetary information can be found in Note 2 to the basic financial statements.

Note 2. Postemployment Benefits Other Than Pensions

For the year ended June 30, 2020, no significant events occurred that had an effect on the benefit provision, size or composition of those covered by the postemployment benefit plans. The only significant change in actuarial methods and assumptions used was a decrease in the discount rate from 3.0% at the beginning of the year to 2.6% at the end of the year.

Additional information related to the agent multiple-employer, cost-sharing defined benefit postemployment plan can be found in Note 4 to the basic financial statements.

Note 3. Multiple-Employer, Cost-Sharing Defined Benefit Pension Plan

For the year ended June 30, 2020, there were no changes in the pension benefit plan terms or to the actuarial methods and assumptions used in the actuarial valuation report dated June 30, 2019.

Additional information related to the multiple-employer cost-sharing defined benefit pension plan can be found in Notes 1 and 4 to the basic financial statements.

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Other Supplementary Information

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Combining and Individual Fund Statements and Schedules

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Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Major Fund

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Capital Projects Fund

The capital projects fund is used to account for financial resources to be used for the improvement, acquisition or construction of major capital assets.

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Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Projects Fund For the Fiscal Year Ended June 30, 2020

	Budget			Variance to
	Original	Final	Actual	Final Budget
Revenues				
Interest	\$ 50,000	\$ 50,000	\$ 356,144	\$ 306,144
Expenditures				
Culture and recreation:				
Supplies and services	3,881,200	3,881,200	3,204,358	676,842
Capital outlay	9,820,100	9,820,100	856,897	8,963,203
Total expenditures	13,701,300	13,701,300	4,061,255	9,640,045
Deficiency of revenues under expenditures	(13,651,300)	(13,651,300)	(3,705,111)	9,946,189
Other financing sources (uses)				
Proceeds from sale of capital assets				-
Transfers in	6,000,000	6,000,000	3,000,000	\$ (3,000,000)
Total financing sources (uses)	6,000,000	6,000,000	3,000,000	(3,000,000)
Net change in fund balance	(7,651,300)	(7,651,300)	(705,111)	6,946,189
Fund balance, beginning of year	10,030,017	10,030,017	9,926,478	(103,539)
Fund balance, end of year	<u>\$ 2,378,717</u>	<u>\$ 2,378,717</u>	<u>\$ 9,221,367</u>	<u>\$ 6,842,650</u>

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Non-Major Funds

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Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally or otherwise restricted to expenditures for specific purposes.

The grant fund accounts for revenues and expenditures of monies received from state and federal grants

The gift fund accounts for gifts to the District accepted by the Board of Trustees.

The QALICB fund accounts for loan proceeds and lease income to be used for the acquisition and leasing of real or personal property that is subject to certain restrictions and limitations for use in furtherance of the operational purposes of the District.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for and the payment of long-term debt.

Permanent Fund

The permanent fund accounts for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the District's programs.

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Las Vegas-Clark County Library District

Combining Balance Sheet
Non-Major Funds
June 30, 2020

	Special Revenue Funds				Debt Service Fund	Permanent Fund	Aggregate Non-Major Funds
	Grant	Gift	QALICB	Total			
ASSETS							
Cash and cash equivalents:							
Unrestricted	\$ 101,707	\$ 401,220	\$ 109,898	\$ 612,825	\$ 600,713		\$ 1,213,538
Restricted			726,567	726,567		\$ 10,000	736,567
Receivables:							
Taxes					15,844		15,844
Interest					15		15
Other, net	1,834.00	-		1,834			1,834
Due from other funds		80,126	100,000	180,126			180,126
Due from other governments	\$ 103,451			103,451			103,451
Other assets			16,333	16,333			16,333
Total assets	<u>\$ 206,992</u>	<u>\$ 481,346</u>	<u>\$ 952,798</u>	<u>\$ 1,641,136</u>	<u>\$ 616,572</u>	<u>\$ 10,000</u>	<u>\$ 2,267,708</u>
LIABILITIES							
Accounts payable	\$ 37,304	\$ 6,444		\$ 43,748	\$ 81		\$ 43,829
Accrued payroll	22,935			22,935			22,935
Unearned revenue			\$ 9,583	9,583			9,583
Due to other funds			10	10			10
Total liabilities	<u>60,239</u>	<u>6,444</u>	<u>9,593</u>	<u>76,276</u>	<u>81</u>		<u>76,357</u>

(Continued)

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Las Vegas–Clark County Library District

Combining Balance Sheet (Continued)

Non-Major Funds

June 30, 2020

	Grant	Special Revenue Funds Gift	QALICB	Total	Debt Service Fund	Permanent Fund	Aggregate Non-Major Funds
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue, property taxes					15,843		15,843
FUND BALANCES							
Nonspendable:							
Permanent fund principal						\$ 10,000	10,000
Restricted for:							
Debt service			943,205	943,205			943,205
Grant programs	146,753			146,753			146,753
Other programs		474,902		474,902			474,902
Assigned to:							
Debt service					600,648		600,648
Total fund balances	146,753	474,902	943,205	1,564,860	600,648	10,000	2,175,508
Total liabilities and fund balances	\$ 206,992	\$ 481,346	\$ 952,798	\$ 1,641,136	\$ 616,572	\$ 10,000	\$ 2,267,708

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Las Vegas-Clark County Library District

**Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Non-Major Funds
 For the Fiscal Year Ended June 30, 2020**

	Special Revenue Funds				Debt Service Fund	Permanent Fund	Aggregate Non-Major Funds
	Grant	Gift	QALICB	Total			
Revenues							
Property taxes					\$ 14		\$ 14
Grants	\$ 954,435			\$ 954,435			954,435
Interest			\$ 935	935	4,048		4,983
Contributions		\$ 316,737		316,737			316,737
Miscellaneous		2,870	315,000	317,870			317,870
Total revenues	954,435	319,607	315,935	1,589,977	4,062		1,594,039
Expenditures							
Culture and recreation:							
Salaries and wages	297,342	50,000		347,342			347,342
Employee benefits	137,692			137,692			137,692
Supplies and services	370,249	283,030	84,891	738,170	4,825		742,995
Capital outlay	149,152			149,152			149,152
Debt service:							
Principal					-		-
Interest			296,367	296,367	-		296,367
Total expenditures	954,435	333,030	381,258	1,668,723	4,825		1,673,548

(Continued)

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Las Vegas-Clark County Library District

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Continued)**

Non-Major Funds

For the Fiscal Year Ended June 30, 2020

	Special Revenue Funds				Debt Service Fund	Permanent Fund	Aggregate Non-Major Funds
	Grant	Gift	QALICB	Total			
Net change in fund balances	-	(13,423)	(65,323)	(78,746)	(763)		(79,509)
Fund balances, beginning of year	146,753	488,325	1,008,528	1,643,606	601,411	\$ 10,000	2,255,017
Fund balances, end of year	\$ 146,753	\$ 474,902	\$ 943,205	\$ 1,564,860	\$ 600,648	\$ 10,000	\$ 2,175,508

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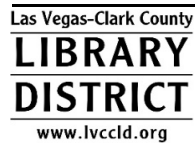
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Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Grant Fund For the Fiscal Year Ended June 30, 2020

	Budget			Variance to
	Original	Final	Actual	Final Budget
Revenues				
Grants	\$ 1,800,000	\$ 1,800,000	\$ 954,435	\$ (845,565)
Expenditures				
Culture and recreation:				
Salaries and wages	480,000	480,000	297,342	182,658
Employee benefits	210,000	210,000	137,692	72,308
Supplies and services	500,000	500,000	370,249	129,751
Capital outlay	610,000	610,000	149,152	460,848
Total expenditures	1,800,000	1,800,000	954,435	845,565
Net change in fund balance				
Fund balance, beginning of year	146,753	146,753	146,753	
Fund balance, end of year	<u>\$ 146,753</u>	<u>\$ 146,753</u>	<u>\$ 146,753</u>	<u>\$ -</u>

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas-Clark County Library District

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Gift Fund For the Fiscal Year Ended June 30, 2020

	Budget		Actual	Variance to Final Budget
	Original	Final		
Revenues				
Contributions	\$ 615,000	\$ 615,000	\$ 316,737	\$ (298,263)
Miscellaneous	200,000	200,000	2,870	(197,130)
Total revenues	815,000	815,000	319,607	(495,393)
Expenditures				
Culture and recreation:				
Salaries and wages			50,000	(50,000)
Supplies and services	715,000	715,000	283,030	431,970
Capital outlay	100,000	100,000		100,000
Total expenditures	815,000	815,000	333,030	481,970
Net change in fund balance			(13,423)	(13,423)
Fund balance, beginning of year	442,254	442,254	488,325	46,071
Fund balance, end of year	<u>\$ 442,254</u>	<u>\$ 442,254</u>	<u>\$ 474,902</u>	<u>\$ 32,648</u>

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Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund For the Fiscal Year Ended June 30, 2020

	Budget			Variance to
	Original	Final	Actual	Final Budget
Revenues				
Property taxes			\$ 14	\$ 14
Interest	\$ 10,000	\$ 10,000	4,048	(5,952)
Total revenues	10,000	10,000	4,062	(5,938)
Expenditures				
Culture and recreation:				
Supplies and services	10,000	10,000	4,825	5,175
Total expenditures	10,000	10,000	4,825	5,175
Net change in fund balance			(763)	(763)
Fund balance, beginning of year	537,245	537,245	601,411	64,166
Fund balance, end of year	<u>\$ 537,245</u>	<u>\$ 537,245</u>	<u>\$ 600,648</u>	<u>\$ 63,403</u>

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
Las Vegas-Clark County Library District
Las Vegas, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Las Vegas-Clark County Library District (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November XX, 2020. Our report includes a reference to other auditors who audited the financial statements of the Las Vegas-Clark County Library District Foundation fund, as described in our report on the District's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts including whether the funds established by the District, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to the District in a separate letter dated November XX, 2020.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November XX, 2020
Las Vegas, Nevada

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Single Audit and Accompanying Information

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

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**Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

Board of Trustees
Las Vegas-Clark County Library District
Las Vegas, Nevada

Report on Compliance for Major Federal Program

We have audited of the Las Vegas-Clark County Library District (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2020. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

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Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Opinion on Major Federal Program

In our opinion, the District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements., and have issued our report thereon dated November XX, 2020, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

November XX, 2020

Las Vegas, Nevada

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Las Vegas - Clark County Library District

Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass-through Grantor / Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Amount Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Education, Office of Vocational and Adult Education				
Passed Through State of Nevada, Department of Education				
Adult Education, Basic Grants to States	84.002 *	19-608-122000	\$ -	\$ 783,750
Total federal assistance expended				\$ 783,750

* A "major" program.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.

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**Notes to Schedule of Federal Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Las Vegas-Clark County Library District (the District) under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to, and does not, present the District's financial position or changes therein.

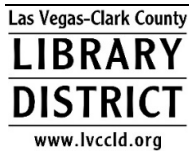
Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Draft as of 11/4/2020. Engagement is incomplete, subject to additional review and possible revision.



Las Vegas – Clark County Library District

Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2020

Section I - Summary of Auditors' Results:

Financial Statements:

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements?	None reported

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None reported

Identification of major programs:

CFDA Number:	84.002
Name of Federal Program or Cluster:	U.S. Department of Education, Office of Vocational and Adult Education, Adult Education, Basic Grants to States
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*:

None reported

Section III – Findings and questioned costs for federal awards, including audit findings required by 2 CFR 200.516(a):

None reported

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ITEM IV.B.



AGENDA ITEM

NOVEMBER 12, 2020 MEETING OF THE BOARD OF TRUSTEES' FINANCE AND AUDIT COMMITTEE

Agenda Item #IV.B.:

Update on the District's financials and update of projections.

Background: The Acting Executive Director and the Acting Financial Services Director/Chief Financial Officer will present information regarding the District's current financial status and future revenue and expenditure projections.

Recommended Action:

For discussion only.

FINANCIAL SERVICES UPDATE

Fiscal Year 2020-2021

Presented by:

Fred James, CPA, Acting Executive Director
Floresto Cabias, CPA,
Acting Financial Services Director/CFO

Las Vegas-Clark County

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COVID-19 Pandemic

- The District closed from mid-March to mid-June
 - Paid \$8.7M in personnel costs during this facility closure
 - \$5.4M in salaries and wages
 - \$3.3M in benefits
- Non-essential business operations closed in mid-March
 - Visitor volume decreased 71% in June 2020 from prior year
 - Zero conventions
- Unemployment rates
 - April 2020 34%
 - September 2020 15%
- The future impact is unknown

Statement of Revenues, Expenditures, and Changes in Fund Balance

Estimated Budget v. Actual – General Fund FY 2020

	Budget			Variance to
	Original	Estimated	Actual	Estimated Budget
Revenues				
Property taxes	\$ 44,855,000	\$ 46,610,528	\$ 46,269,508	\$ (341,020)
Intergovernmental revenues,				
consolidated taxes	24,185,000	20,742,890	22,414,958	1,672,068
Charges for services	1,570,000	1,041,708	1,035,009	(6,699)
Interest	15,000	98,412	87,176	(11,236)
Contributions	-	98,745	211,346	112,601
Miscellaneous	765,000	745,000	778,527	33,527
Total revenues	71,390,000	69,337,283	70,796,524	1,459,241
Expenditures				
Culture and recreation:				
Salaries and wages	32,366,060	29,932,511	30,101,581	(169,070)
Employee benefits	13,394,128	12,402,714	12,266,495	136,219
Supplies and services	16,203,089	12,917,207	12,024,376	892,831
Capital outlay	10,831,667	9,457,237	9,207,087	250,150
Total expenditures	72,794,944	64,709,669	63,599,539	1,110,130
Excess (deficiency) of revenues over expenditures	(1,404,944)	4,627,614	7,196,985	2,569,371
Other financing uses				
Transfers out	(6,000,000)	(3,000,000)	(3,000,000)	-
Net change in fund balance	(7,404,944)	1,627,614	4,196,985	2,569,371
Fund balance, beginning of year	14,758,056	14,576,974	14,576,974	-
Fund balance, end of year	\$ 7,353,112	\$ 16,204,588	\$ 18,773,959	\$ 2,569,371

■ **Actual CTX \$1.7M higher than expected**

■ **Supplies and Services and Capital Outlay/Library Media Materials: \$1.1M additional expenditure savings, partly due to facility closure**

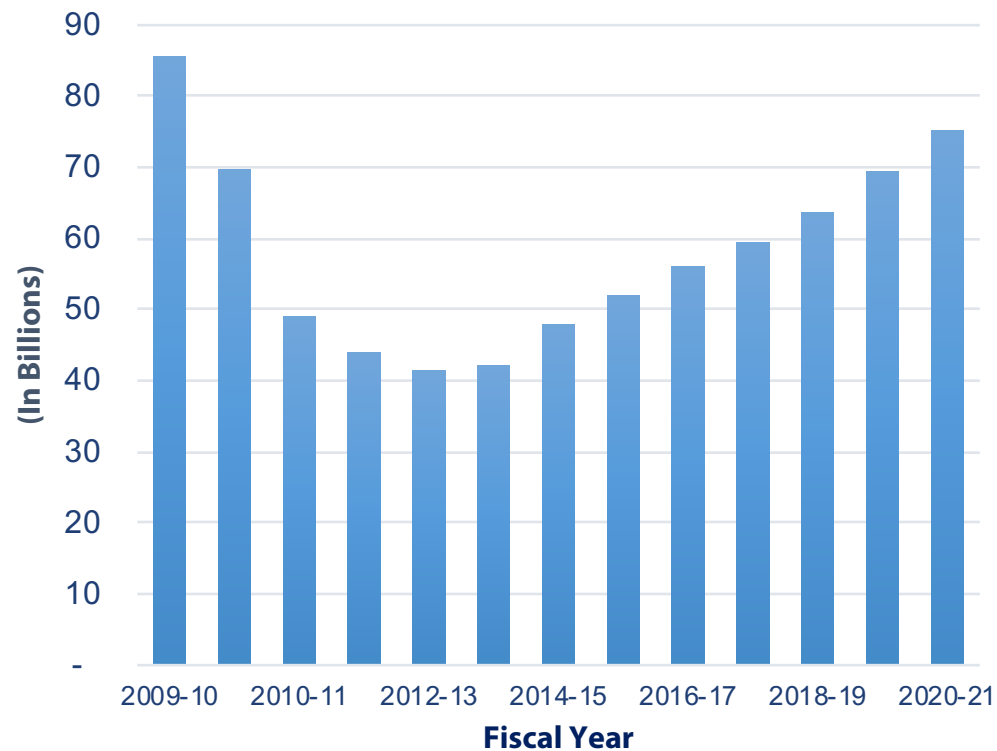
■ **Ending Fund Balance \$2.6M higher than Estimated**

Overview of Revenues



Assessed Value

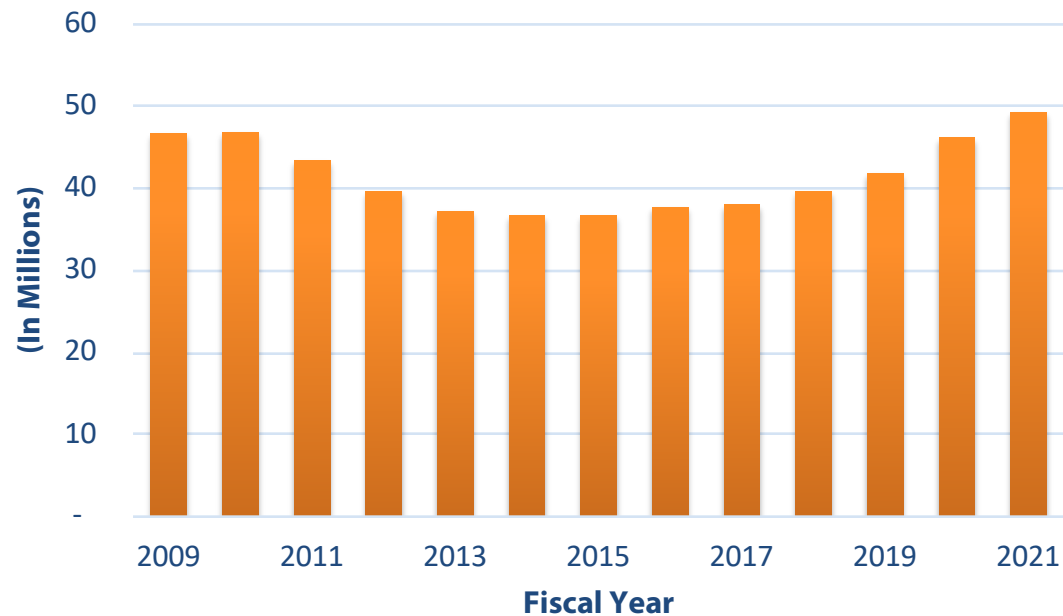
Assessed Valuation FY 2009-2021



- Property tax is based on Assessed Valuation (AV) of property
- AV continues its upward trend
- Any decline will take a fiscal year to become effective

Property Tax Revenues

Property Tax Revenues FY 2009-2021



Property taxes

FY 2021 – \$49.3M Budgeted

FY 2020 – \$46.2M Actual

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

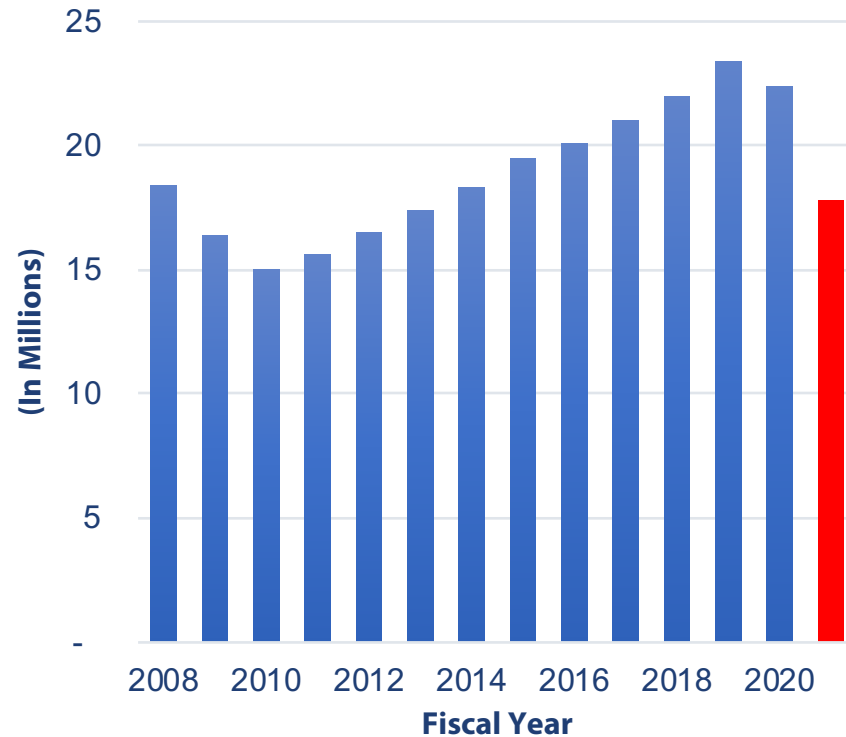
FY 2010 – \$46.8M Actual

FY 2009 – \$46.7M Actual

- All FY 2020 revenues collected as expected
- We expect to collect FY 2021 revenues
- Possible increase in delinquent revenues

Consolidated Sales Tax Revenue (CTX)

**Consolidated Sales Tax
Revenue FY 2008-2021**



FY 2021 – \$17.8M Budgeted

FY 2020 – \$22.4M Actual

FY 2019 – \$23.4M Actual

FY 2018 – \$22.0M Actual

FY 2017 – \$21.0M Actual

FY 2016 – \$20.1M Actual

FY 2015 – \$19.5M Actual

FY 2014 – \$18.3M Actual

FY 2013 – \$17.4M Actual

FY 2012 – \$16.5M Actual

FY 2011 – \$15.6M Actual

FY 2010 – \$15.0M Actual

FY 2009 – \$16.4M Actual

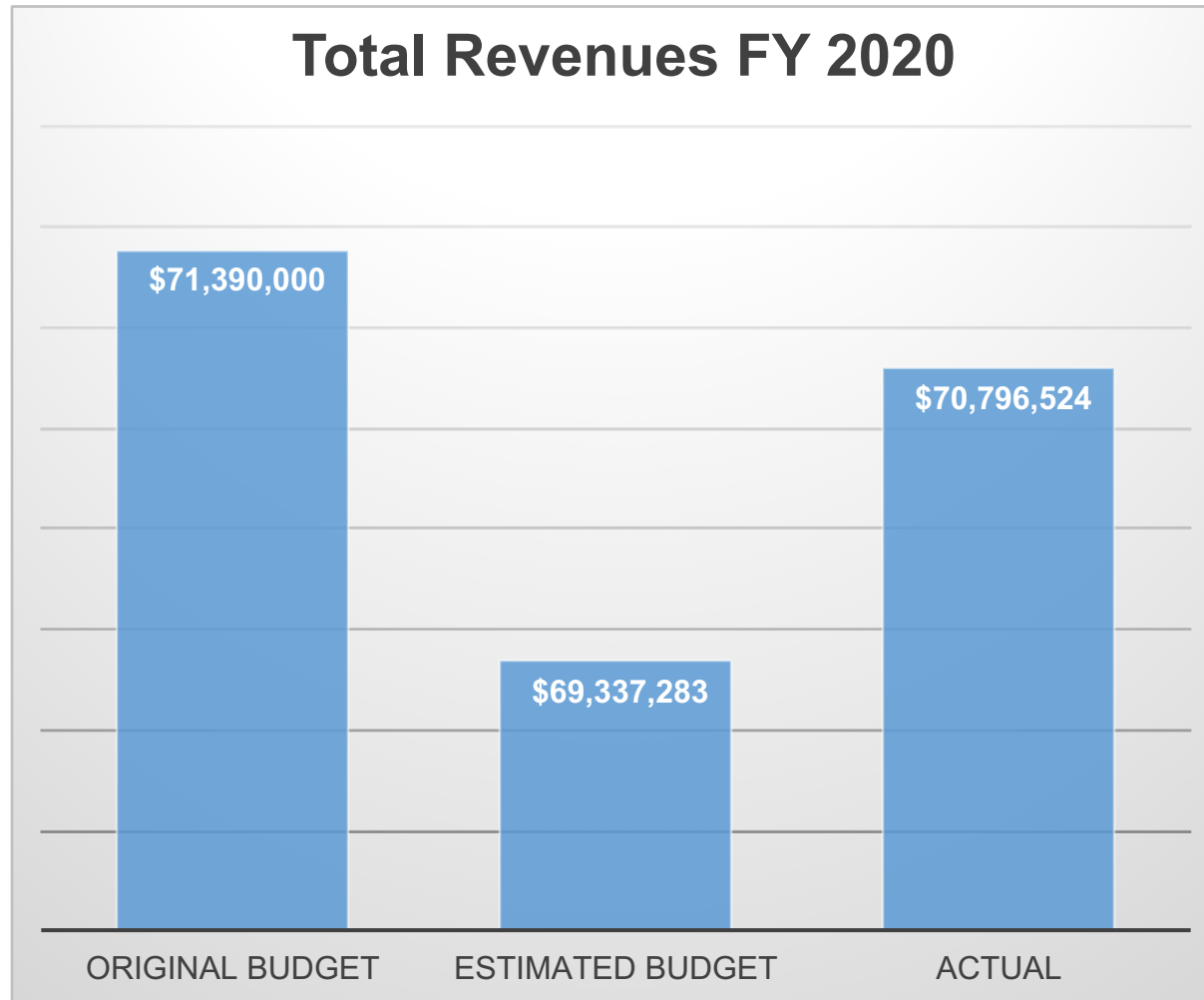
FY 2008 – \$18.4M Actual

- **CTX revenue is volatile**
- **FY21 CTX Budget based on FY20 estimate**
- **FY20 Actual CTX \$1.7M higher than estimated**
- **July and August CTX collections higher than estimated**

FY 2020 Audited Financials

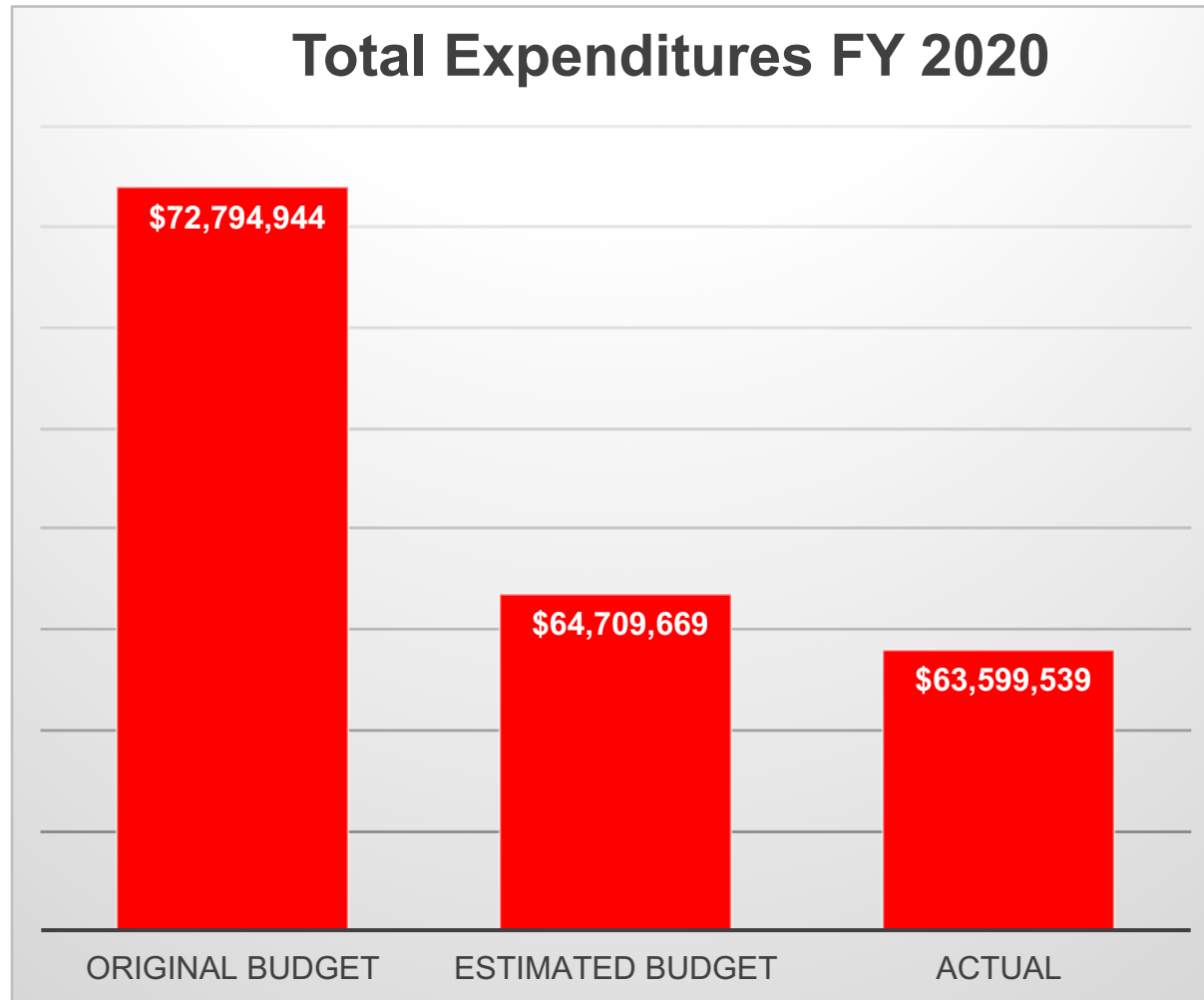


Budget v. Actual Revenues FY 2020



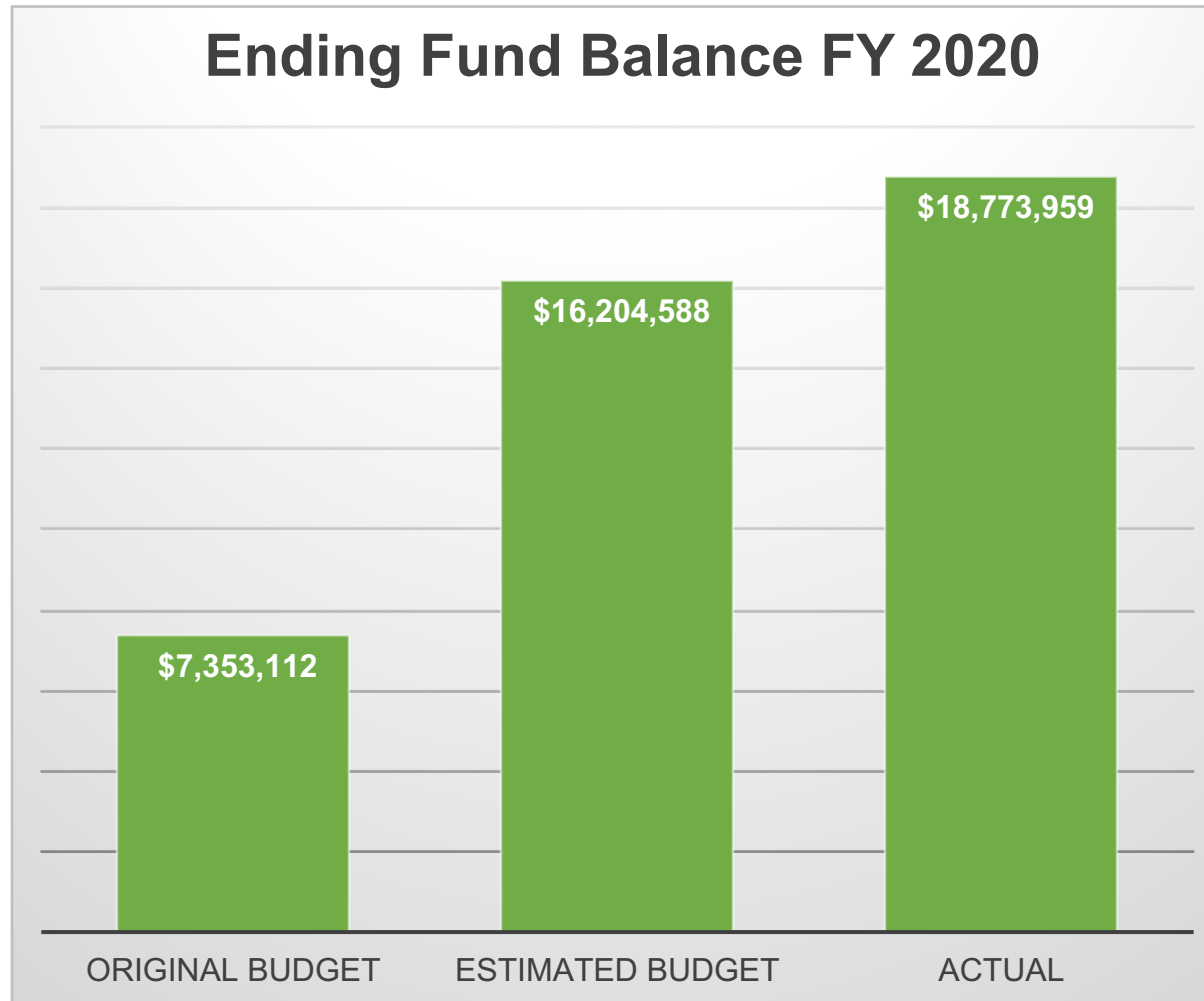
- Actual CTX \$1.7M higher than Estimated
- Estimated CTX \$2.1M lower than Original Budget

Budget v. Actual Expenditures FY 2020



- Actual Expenditures \$1.1M lower than Estimated
- Services and Supplies \$893K lower than Estimated
- Library Media Materials \$250K lower than Estimated
- Primarily due to facility closures

Budget v. Actual Ending Fund Balance FY 2020



- **Actual Ending Fund Balance \$2.6M higher than Estimated**
- **Actual represents 30% of budgeted expenditures**
- **Original Budget represents 10% of budgeted expenditures**
- **Primarily due to increased CTX revenues and additional expenditure savings**
- **Transfers to the Capital Projects Fund reduced from \$6M to \$3M**

Consolidated Sales Tax



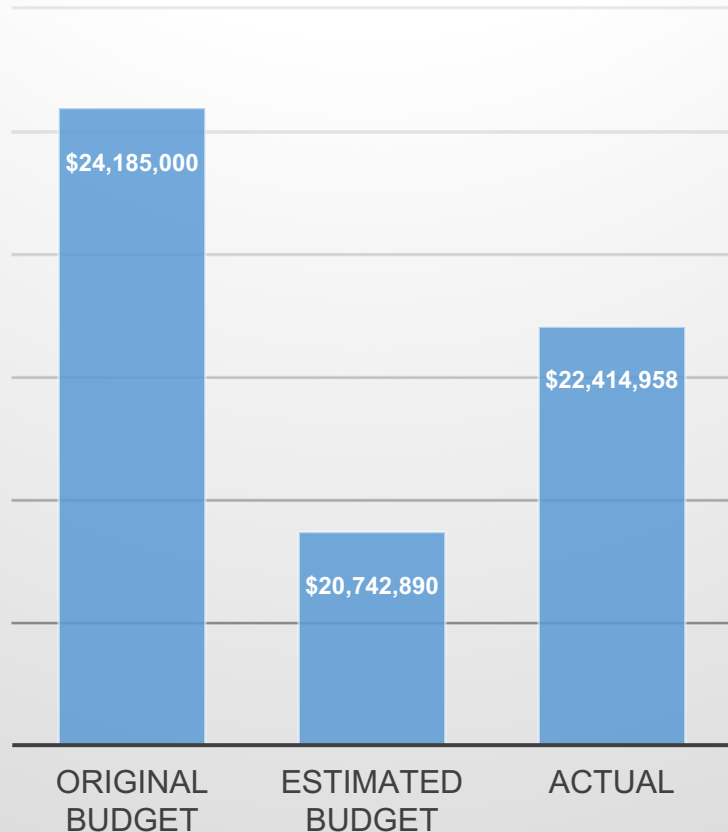
Consolidated Sales Tax

Beneficial Impact

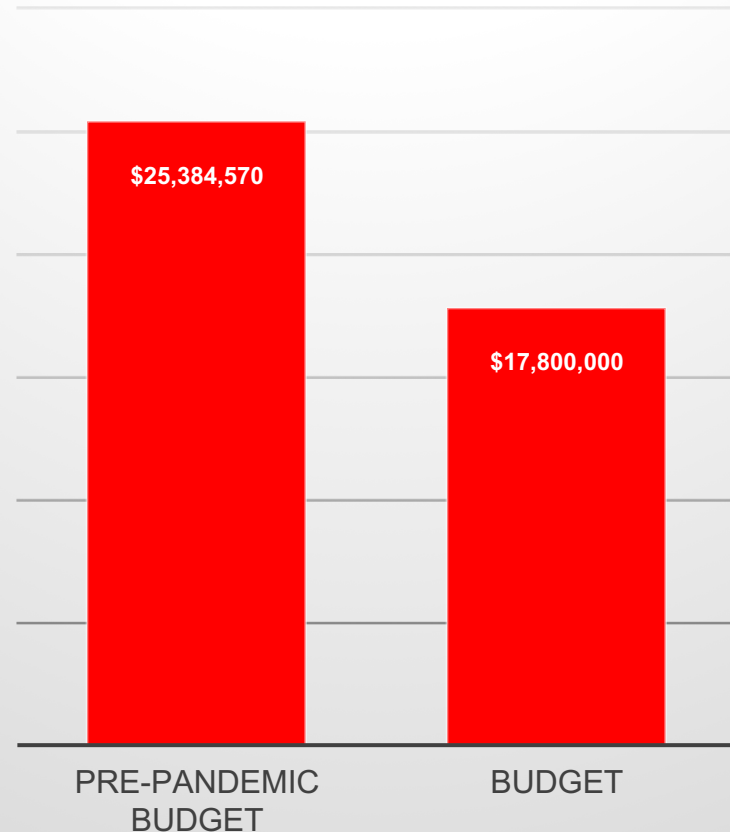
- Partial reopening of economy in late May
- Fuller reopening in June (including the Strip)
- Federal stimulus checks
- Federal unemployment benefits
- Mortgage forbearance/eviction moratorium
- Housing prices increased
- Record low interest rates
- Shifting buying habits to online

CTX Revenue FY 2020 and FY 2021

CTX Revenues FY 2020



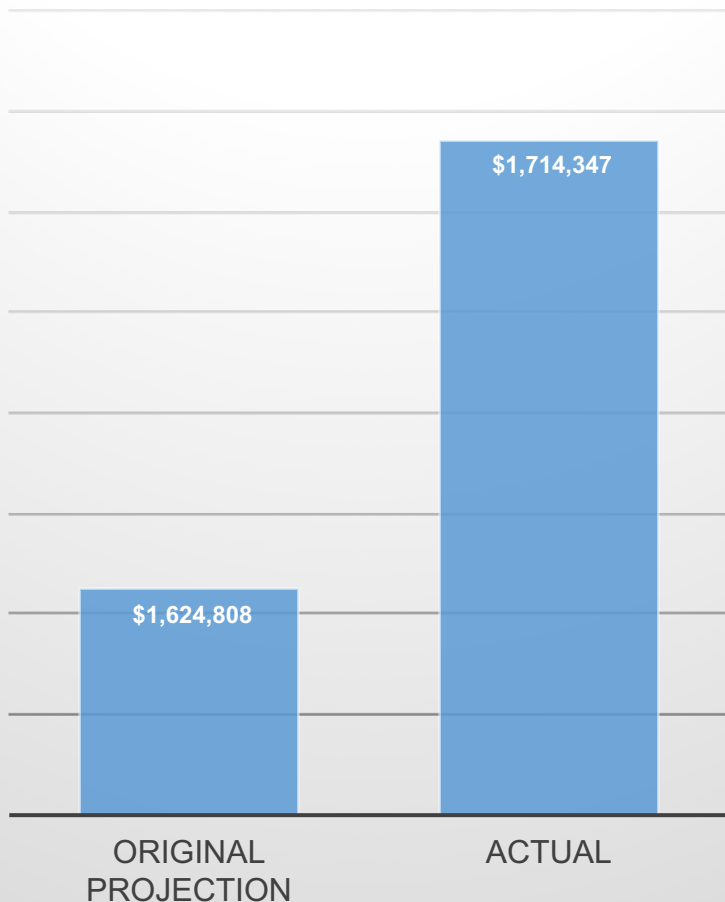
Pre-Pandemic v. Budget FY 2021



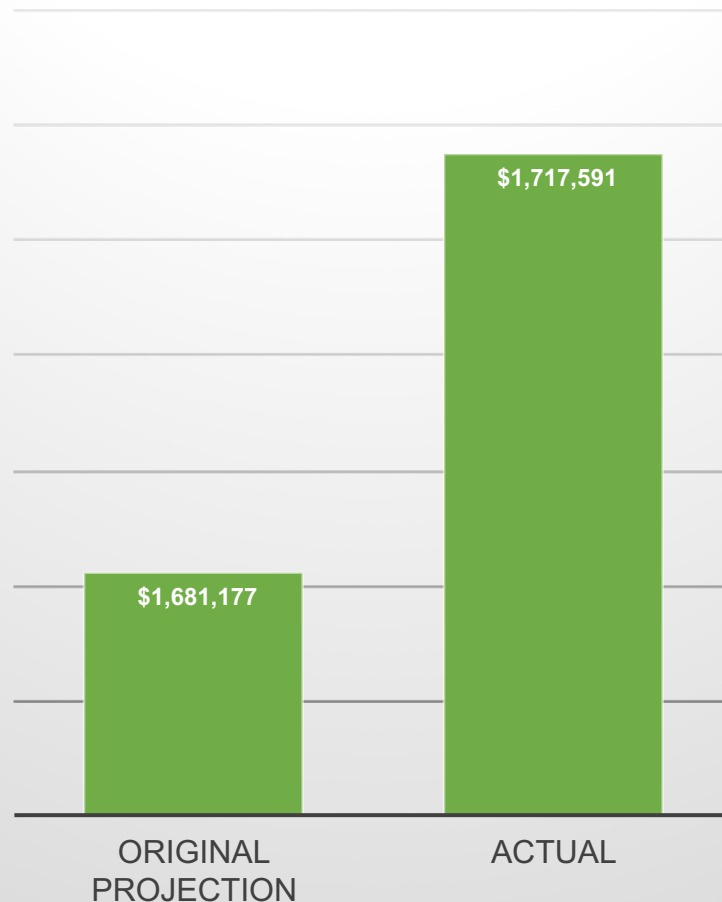
- Actual FY20 CTX \$1.7M higher than Estimated
- Federal stimulus checks and unemployment benefits supported CTX revenues
- CTX stability dependent on new stimulus and relief to consumers while the economy recovers
- Potential for higher revenues than budgeted for FY 2021

CTX Revenue FYTD 2021

July 2020 CTX



August 2020 CTX



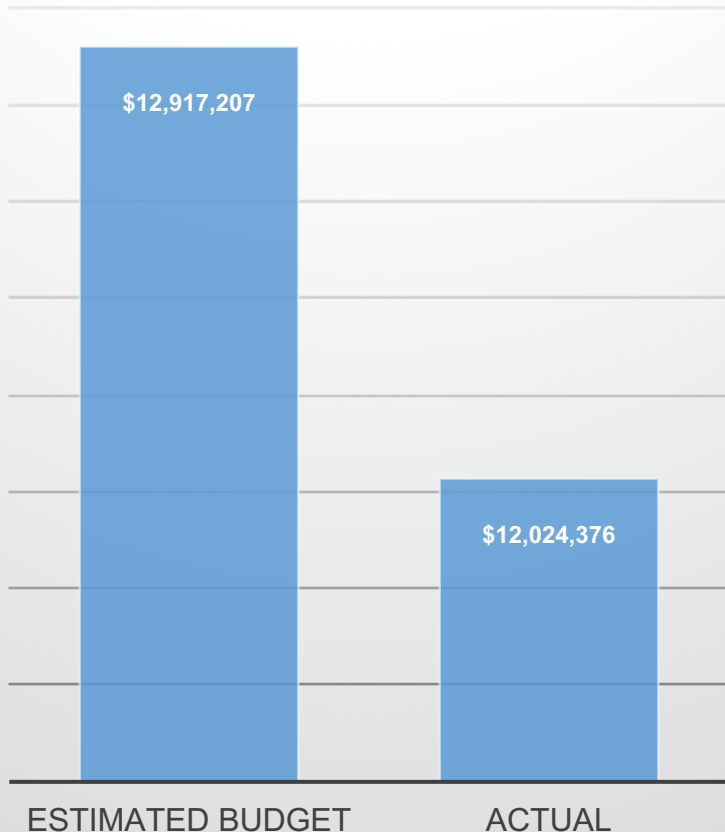
- July 2020 CTX \$89.5K higher than projected (6%)
- August 2020 CTX \$36.4K higher than projected (2%)
- Volatility continues:
 - Federal unemployment benefits ended in July 2020
 - No new federal relief plan so far
 - Eviction moratorium ends in December 2020

Overview of Expenditures

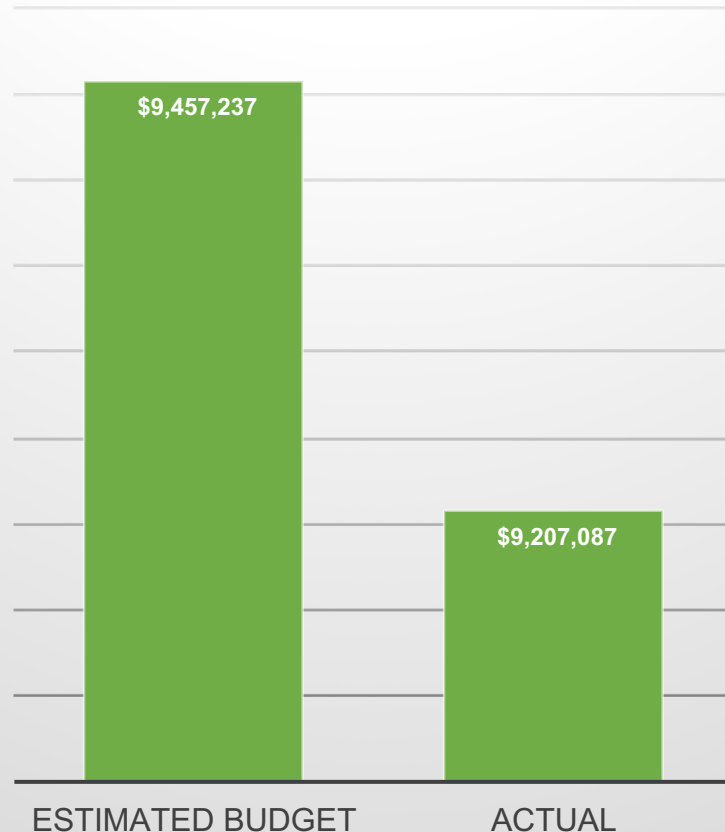


Expenditure Savings FY 2020

Services and Supplies

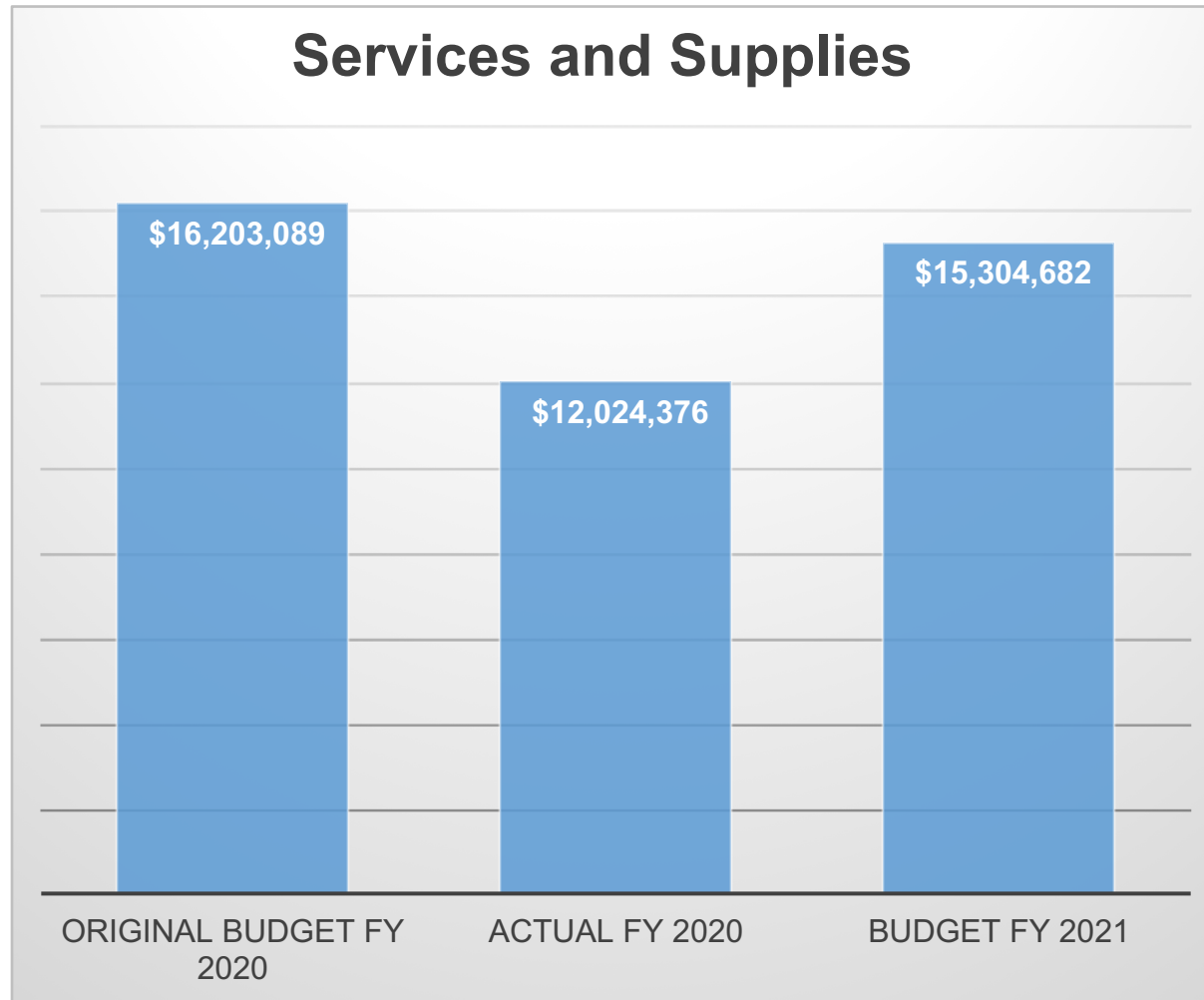


Library Media Materials



- **Services and Supplies \$893K lower than Estimated**
- **Library Media Materials \$250K lower than Estimated**
- **Partly due to facility closures**
- **Salaries and Benefits \$33K higher than estimated**

Services and Supplies Expenditures FY 2021



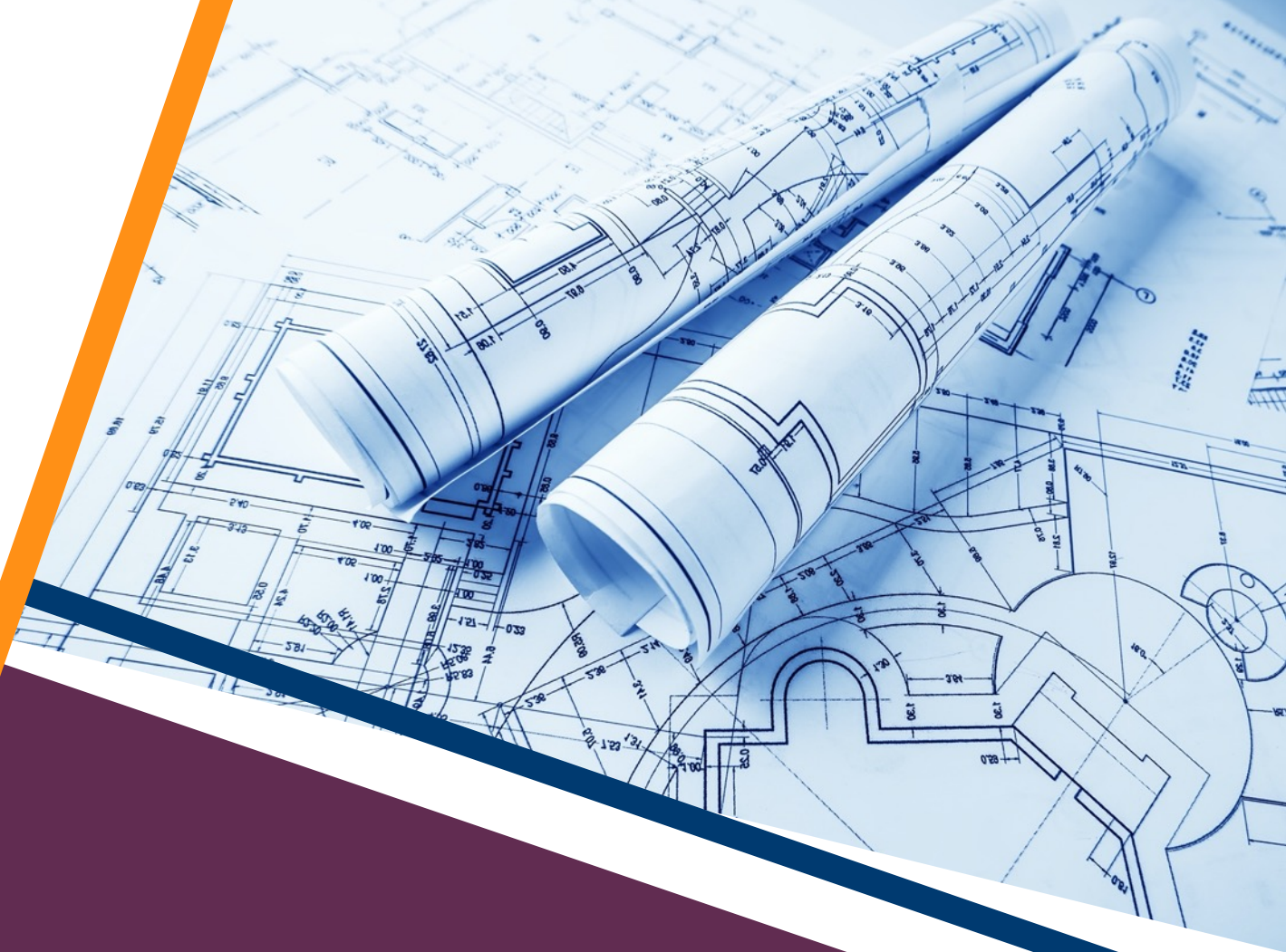
- FY 2020 budget savings of \$4.2M
- FY 2021 budget \$898K lower than FY 2020 budget
- Additional savings will likely be realized throughout the fiscal year

FY 2021 Budget Expenditure Decreases

Total 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 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 decreased by \$322K (3.0%)**

Future Outlook



Ending Fund Balance

General Fund Budget and Actual

- Actual FY 2020 Ending Fund Balance of \$18.8M is 30% of FY 2019-2020 expenditures
- FY 2020 will contribute an additional \$2.6M to FY 2021 fund balance
- Acts as a cushion during economic downturns
 - Paid all employees for three months during facility closure, a total of \$8.7M
 - Funds available for the VESP, costing \$4.5M
- Needed for transfers to fund capital programs

Capital Projects Fund Transfers and Budgeted Expenditures FY 2020-2021

Capital Program	Total Available for FY 2020-21	2020-21 Budgeted Expenditures	06-30-2021 Est. Ending Funding Balance
Library Services Platform Replacement	-		-
Technology Replacements & Upgrades	3,363,314	(1,747,000)	1,616,314
Building Repair & Maintenance	4,032,878	(1,427,000)	2,605,878
Vehicle Purchase & Replacement	258,692	(50,000)	208,692
Library Materials	-	-	-
Furniture Purchase & Replacement	308,243	(50,000)	258,243
Financial Services	355,569	(305,000)	50,569
Community Engagement/Programming and Venues	600,096	(479,700)	120,396
Capital Construction	352,575	-	352,575
Total	9,271,367	(4,058,700)	5,212,667

- Expenditures reduced to operational minimums
- Technology Replacements & Upgrades
 - FY 2021 Expenditures \$1.7M
 - FY 2021 Ending Fund Balance \$1.6M
- Building Repair & Maintenance
 - FY 2021 Expenditures \$1.4M
 - FY 2021 Ending Fund Balance \$2.6M
- Estimated Ending Fund Balance of \$5.2M will fund one fiscal year without additional transfers from the General Fund

Voluntary Employee Separation Program

VESP Estimates

- **Cost will total \$4.5M**
- **Breakeven after 12 months**
- **Savings begin in FY 2022**
 - **Depends on the number of positions held vacant or eliminated**

General Fund Projections FY 2022 and FY 2023

General Fund

	Actual 2019-20	Budget 2020-21	Projected 2021-22	Projected 2022-23
Revenue	70,796,524	68,900,000	73,500,000	73,500,000
Expenditures	63,599,539	70,084,868	68,157,362	68,900,000
Excess (Deficiency) of Revenues over (under) Expenditures	7,196,985	(1,184,868)	5,342,638	4,600,000
Less transfers out	3,000,000		6,000,000	6,000,000
Excess (Deficiency) of Revenues over (under) Expenditures & Transfers Out	4,196,985	(1,184,868)	(657,362)	(1,400,000)
Fund balance, beginning of year	14,576,974	18,773,959	17,589,091	16,931,729
Fund balance, end of year	18,773,959	17,589,091	16,931,729	15,531,729
Fund balance, end of year Adjusted	18,773,959	17,589,091	16,931,729	15,531,729
	29.52%	25.10%	24.84%	22.54%

- VESP provides financial flexibility beginning in FY 2022
- No transfers to the Capital Projects Fund in FY 2021
 - Potential transfers in FY 2022 and FY 2023
- Maintain an Ending Fund Balance at a minimum of 20% of total expenditures

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Questions?