



Library Board of Trustees

Library Board of Trustees Meeting

Via Zoom

Monday, November 21, 2022, 4:00pm – 5:30pm

Trustees Present

Ailen Arreaza
Jon Buchan
Rob Harrington
Joe Helweg, Chair
Dr. Kimmerly Martin
Tracy Montross
Charles Thomas

Absent

Dr. Ricky Woods
Dr. Amy Hawn Nelson
Gloria Kelley

Staff Present

Barbara Cantisano
Karen Beach
Elyse Berrier
Michael Boger
Shelley Book
Jean Brookshire
David Dillard
Harold Escalante
Jenni Gaisbauer
Krystal Green
Jesse Isley
Angie Myers
Chantez Neymoss
Emery Ortiz
Holly Summers Gil
Hilary Swierc
Marcellus Turner
Martha Yesowitch

Others Present

Gina Esquivel
Patrice Gopo
Jonathan Trimmer
Daniel Gougherty, Cherry Bekaert
Leslie Johnson
Mark Kutny

Joe welcomed everyone to the Board Meeting at 4:00pm.

Absence with Cause

Mr. Helweg requested a motion to approve absence with cause for Dr. Ricky Woods, Dr. Amy Hawn Nelson and Gloria Kelley. On a motion by Tracy Montross and seconded by Dr. Kimmerly Martin, the Trustees unanimously approved their absence with cause.

Minutes

Mr. Helweg requested a motion to approve the minutes from the Board of Trustees meeting held on October 21, 2022, and n a motion by Jon Buchan and seconded by Tracy Montross, the Trustees unanimously approved the October 21, 2022, meeting minutes.

Chair Update

Joe Helweg reported that he would be sharing changes to the Board of Trustees bylaws at the December board meeting.

Changes include:

- Update to the trustee’s mission and purpose
- Acknowledgement of a librarian as CEO of the library
- Calendar changes
- Updates to committees and library officers
- Gender references

We will share a red lined version and look forward to discussion and approval at our December meeting.

We will also look at dates in the first quarter of 2022 to hold a board retreat.

Committee Reports

Finance Committee

Charles Thomas introduced Daniel Gougherty who presented the following audit report.

- Results of the Audit
 - We have audited the financial statements of the Public Library of Charlotte and Mecklenburg County (the “Library”), for the year ended June 30, 2022, in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the State Single Audit Implementation Act, and have issued our reports October 31, 2022.
 - We have also audited the Library’s compliance with the compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina that could have a direct and material effect on the Library’s major state program for the year ended June 30, 2022.
 - We have issued an unmodified opinion on the financial statements and the Uniform Guidance and State Single Audit Implementation Act audit.
- Internal Control Communication
 - In planning and performing our audit, we considered internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements and compliance with Uniform Grant Guidance and the NC State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Library’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Library’s internal control.
 - Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.
 - 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 or noncompliance on a timely basis.
 - We noted no material weaknesses, however material weaknesses or significant deficiencies may exist.
- Other Recommendations

- To formalize the review process of contributions and pledges receivable and improve upon the reconciliation process of the Foundations investments and pledges receivable.
- Corrected and Uncorrected Misstatements- Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.
 - Corrected Misstatements
 - To record a loss on disposal of capital assets that formerly were considered capital leases but are no longer considered a lease under GASB 87 of approximately \$1,360,000.
 - To record unearned revenue for prepaid lease revenue in the General Fund of approximately \$675,000 that was recognized at the fund level in a prior year.
 - Uncorrected Misstatements
 - Understatement of current year revenues and overstatement of beginning fund balance and net position for present value of pledges receivable as of June 30, 2021, of approximately \$132,000 in the Foundation Fund and Governmental Activities.
 - Overstatement of current year expenses and beginning net position related to a restatement of approximately \$1,360,000 related to the implementation of GASB 87 in the Governmental Activities.
 - Overstatement of current year revenue and pledges receivable of approximately \$200,000 related to a pledge payment recorded as revenue in the Foundation Fund and Governmental Activities.
 - An overstatement of fund balance and understatement of current year revenues of approximately \$675,000 related to prepaid rent that should have not been fully recognized when received in a prior year at the fund level in the General Fund.
- Qualitative Aspects of Accounting Practices
 - Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Library are described in Note 1 to the financial statements.
 - As of July 1, 2021, the Library adopted the provisions of GASB 87, Leases, which amended the existing accounting standards for lease reporting. The application of existing policies was not changed during the year. We noted no inappropriate accounting policies or practices.
 - Qualitative Aspects of Accounting Practices
 - Related parties as required by professional standards.
 - We noted none of the following:
 - Related parties or related party relationships or transactions that were previously undisclosed to us;
 - Significant related party transactions that have not been approved in accordance with the Library's policies or procedures or for which exceptions to the Library's policies or procedures were granted;
 - Significant related party transactions that appeared to lack a business purpose;
 - Noncompliance with applicable laws or regulations prohibiting or restricting specific types of related party transactions;
 - Difficulties in identifying the party that ultimately controls the entity.

- Significant Unusual Transactions
 - We noted no transactions entered into by the Library during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.
 - For purposes of this letter, professional standards define significant unusual transactions as transactions that are outside the normal course of business for the Library or that otherwise appear to be unusual due to their timing, size or nature. We noted no significant unusual transactions during our audit.
- Significant Estimates
 - Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:
 - Management's estimate of the allowance for doubtful accounts is based on historical trends and management's evaluation of outstanding receivables.
 - Management's estimate of depreciation expense is based on the useful lives of capital assets.
 - Management's assessment of the fair value of investments held by a third party as of year-end.
 - Management's estimates of the total other post-employment benefit liability and related deferred inflows and outflows are based on an actuarial analysis performed by a third party
 - Management's estimates of the net pension liability and related deferred inflows and outflows are based on an actuarial analysis performed by a third party and the fair value of the net pension liability.
 - Management's estimates of right to use asset and lease liability based on the terms of the lease agreement and the interest rate.
 - We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.
- Financial Statement Disclosures
 - The financial statement disclosures are neutral, consistent, and clear
- Independence Considerations
 - Nonattest Services
 - Preparation of the Data Collection Form.
 - For all nonattest services we perform, you are responsible for designating a competent employee to oversee the services, make any management decisions, perform any management functions related to the services, evaluate the adequacy of the services, and accept overall responsibility for the results of the services.
 - Independent Conclusion
 - We are not aware of any other circumstances or relationships that create threats to auditor independence.

- We are independent of the Public Library of Charlotte and Mecklenburg County and have met our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits
 - Other Required Communications
 - Difficulties Encountered
 - We encountered no significant difficulties in dealing with management in performing and completing our audit
 - Disagreements with Management
 - Includes disagreements on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report.
 - We are pleased to report that no such disagreements arose during the course of our audit
 - Auditor Consultations
 - We noted no matters that are difficult or contentious for which the auditor consulted outside the engagement team.
 - Management Representations
 - We have requested certain representations from management that are included in the management representation letter to be dated October 31, 2022.
 - Management Consultations
 - In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations.
 - To our knowledge, there were no such consultations with other accountants.
 - Other Findings or Issues
 - We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year.
 - These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.
 - Fraud and Illegal Acts
 - As of the date of this presentation no fraud, illegal acts, or violations of laws and regulations noted.
 - Going Concern
 - No events or conditions noted that indicate substantial doubt about the entity’s ability to continue as a going concern.
 - Other Matters
 - Required Supplementary Information
 - We applied certain limited procedures to management’s discussion and analysis and required supplemental information (“RSI”), as listed in the table of contents, which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

- Supplementary Information
 - We were engaged to report on the supplementary information the schedule of expenditures – governmental funds and schedule of expenditures of federal and State awards which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.
- LGC Performance Indicators
 - Audit Report
 - Submission expected within five (5) months from fiscal year end.
 - No statutory violations within audit report
 - No material or significant deficiencies to address
- Upcoming Financial Reporting Changes- These standards will be effective for the Library in the upcoming years and may have a significant impact on the Library’s financial reporting. We would be happy to discuss with management the potential impacts on the Library’s financial statements and how we may be able to assist in the implementation efforts.
 - GASB 96- Subscription-Based Information Technology Arrangements
 - GASB 101- Compensated Absences

After some discussion and on a motion by the Finance Committee the Trustees unanimously approved the FY 2022 Annual Fiscal Audit Report.

Joe Helweg thanked Cherry Bekaert, the finance team and the foundation team for their hard work on the report.

Charles Thomas presented the following Budget Adjustments:

FY2023 Budget Adjustments					
Budget Adjustment Number	FY2023 or Multi-Year	Short Description	Budget Category	Revenue Budget Adjustment Amount	Expenditure Budget Adjustment Amount
221101	FY2023	State Aid FY2023 Adjustment	Revenue: State of NC	48,467	
221101	FY2023	State Aid FY2023 Adjustment	Expenditure: Library Collections		48,467
221102	FY2023	Library Foundation Community Read Support	Revenue: Foundation Contributions	40,000	
221102	FY2023	Library Foundation Community Read Support	Expenditure: Library Collections		40,000
221103	FY2023	NTEN Fellowship	Revenue: Other	5,000	
221103	FY2023	NTEN Fellowship	Expenditure: Programming		5,000
Total FY2023 Budget Adjustments				93,467	93,467
Grand Total Budget Transfers				93,467	93,467

After some discussion and on a motion by the Finance Committee the Trustees unanimously approved the budget transfers listed above.

Angie Myers provided the following update on Salary Compression/Parity/Equity project:

- Reminded the board of the parity issues created by last year’s \$20 minimum hourly rate, new classification and compensation adjustments and new salary ranges.

- We have been working with the County to come up with a solution and they have included the Library in their enterprise-wide review.
- The first round of recommendations is expected to be announced in January 2023.
- This could impact up to half of our staff and could be upwards of a million dollars which would be a large budget item for FY 2024.
- This will affect what else we can expect to receive in the budget including other positions we need etc.

Charles Thomas requested an overview at an upcoming meeting or the board retreat of what we have asked for in the past couple budgets and what our plan is over the next 3 years so that the board is clear and aligned in our priorities. This will flow into how we might engage the County Commissioners.

Real Estate Committee

David Dillard requested the approval of the following action item:

- Authorize Mecklenburg County Asset and Facility Management to advertise and negotiate for professional engineering services and authorize Marcellus Turner to execute a contract with a Commissioning Agent for the new University City Regional Library.

It is a best practice to hire a commissioning agent to review Mechanical, Electrical, Plumbing (MEP) and building envelope specifications and designs prior to issuance of a building permit and then to inspect the installation of those trades during construction. The commissioning agent will verify that all systems are operating and building envelope components have been installed according to the specifications prior to acceptance by the Library.

After some discussion and on a motion by the Real Estate Committee the Trustees unanimously authorized Mecklenburg County Asset and Facility Management to advertise and negotiate for professional engineering services and authorize Marcellus Turner to execute a contract with a Commissioning Agent for the new University City Regional Library.

- Back in September the Real Estate Committee brought up the possibility of having electric vehicle charging stations at some of our libraries and we went back and did a bit more due diligence based on the conversation and concerns the Board had at that time.
- At this time, Duke Energy has informed us that the first round of grant money for the charging stations is already spoken for and they would like to include us in the second round which will be late 1st quarter which gives us more time to research and prepare.
- The Real Estate Committee will revisit the issue at a later date with the board.

Governance Committee

Tracy Montross provided the following update:

- The BOCC created an ad hoc committee to evaluate the process by which they will interview and select appointees to the various advisory boards.
- Changes they want to make to the process includes
 - Soliciting relevant skills sets from the boards
 - Target the questions to help identify those candidates with the best skill sets.
 - All boards need to consider all the candidates that applied

- Have not received an update on the interview schedule though. Our hope is that the interview process will be accelerated as Rob Harrington and Gloria Kelley have graciously stayed on longer than expected.

CEO Report

Marcellus Turner provided the following updates:

- Please read Emory Ortiz' written update on the MeckTech project
- Pineville grand opening will be Friday, December 9 at 10:am and a public day on Saturday, December 10
- Employee Climate Survey
 - Every year the Library participates in the County's annual employee climate survey. We have communicated with staff about the results of that survey and the themes that emerged
 - Themes that emerged and the corresponding SLT member leading the continuous improvement process:
 - Leadership- Marcellus Turner
 - Safety- Caitlin Moen
 - Communications- Krystal Green
 - Performance Management- Angie Myers
 - SLT members will communicate with all staff by the end of the year with an update and next steps regarding their topic.

Joe Helweg requested more qualitative information on the sense of how employees feel based on the results of the survey. Mr. Turner and Jenni Gaisbauer provided some color around the results as it relates to security and leadership.

Based on the discussion the library agreed to provide the board with a one-page document with comparative results from the county as a whole and a deeper dive into the scores that went up and down.

- Dr. Woods asked MT to pass along the following information he was made aware of at the State Library Board Meeting:
 - The State General Assembly will start work on the funding model for the State Library.
 - Considering the political landscape in NC, are we prepared to handle requests regarding book challenges.

Marcellus Turner will ensure we share information regarding how the library handles intellectual freedom challenges with the Board so they feel comfortable answering questions.

Library Director Report

Karen Beach provided the following updates regarding ARPA funding:

- The Library has submitted a \$2.9M request to Mecklenburg County for their consideration
- Funds will have to be encumbered or spent by December 31, 2024
- Our request was aligned to the 2019 COVID recovery plan around closing the digital divide fast through efforts already in place including:
 - 2 project manager positions to support digital equity work
 - Digi Lit Mobile Classroom
 - Digital curriculum and evaluation
 - Collections and technologies that support Digi Lit

Foundation Update

Jenni Gaisbauer provided the following updates:

- Verse & Vino
 - 1,100 attendees
 - Raised more than \$475,000 so far
 - Hope to hit the \$500,000 mark
 - Feedback was wonderful
 - Expenses were around \$100,000 more than last year due to Convention Center and AV expenses
 - Will meet with the Convention Center to discuss service issues that plagued this year's event
- EpicFest
 - 10 authors from NC
 - 19 programs
 - 1,798 students
 - Over 3,000 attendees

At 5:30pm, pursuant to NC GS 143.318.11A6 Joe Helweg adjourned the public meeting to go into closed session to discuss a personnel matter.

Respectfully submitted,

Marcellus Turner
CEO