

**Pamunkey Regional Library
Board of Trustees Meeting
October 25, 2023**

The Pamunkey Regional Library (PRL) Board of Trustees (BOT) met on Wednesday, October 25, 2023, at the West Point Branch Library.

Attendees

Trustees:

Goochland County: Barb Young, Barbara Slone

Hanover County: Bob Johnson, Ryan Martin, Joe O'Connor, Christy Schumacher

King and Queen County: Tricia Simpkins

King William County: John Edwards, Mary Shipman

Guests:

Jim Taylor – Hanover County, Deputy County Administrator

Dennis Walter – Hanover County, County Attorney

Library Staff:

Tom Shepley - PRL Director

Sherida Bradby – PRL Deputy Director

Jamie Stoops – PRL Deputy Director

Jeff Huff – Collection Strategy Librarian

Levi Carter - Collections

1. Call to Order/ Welcome

Chair B. Young called the meeting to order at 10:00 a.m. and welcomed everyone.

2. Consideration of Agenda Amendments

B. Johnson asked that the Audit Committee Report be moved prior to the Director's Report. B. Young agreed to delay approval of the August and September 2023 minutes until the December 2023 board meeting to give members additional time to review them. J. Edwards suggested that it would be an option that when all the agenda items were completed for this meeting, if desired, the Board could continue its meeting with a visit to the new West Point Library renovation location at 433 12th Street, and then when the tour of the new location was complete, the meeting could be adjourned from there. The By-Laws agenda item will include discussion regarding Remote Participation Policy and Committees.

MOTION: B. Johnson moved to make the discussed changes to the agenda. B. Slone seconded the motion, and it passed unanimously by the BOT.

3. Consideration of the Consent Agenda

The items on the Consent Agenda were:

1. September 2023 board report
2. September 2023 warrants

King & Queen's first quarterly payment was received in October 2023 and will be reported on the next board reports issued.

There were no warrants past September 19, 2023.

MOTION: M. Shipman made a motion to accept the Consent Agenda items. The motion was seconded by R. Martin and passed unanimously by the BOT.

4. Citizens' Time

B. Young welcomed the citizens present to speak for up to 3 minutes and thanked them for their dedication to our libraries.

Sharon Landrum – King William County resident

S. Landrum apologized in advance for the perverse content that she is about to read from the Young Adult (YA) section of PRL. It is for the board to decide if this is equivalent to the *Diary of Anne Frank* or *To Kill a Mockingbird*. These sexually explicit materials must be dealt with through policy changes. (Landrum read excerpts from two books during the meeting – *This Book is Gay* by Juno Dawson and *Tricks* by Ellen Hopkins.) Is this what you want children to be able to access in the YA section? She is not asking to ban books, but a policy to deal with this filth.

Mary Crook – Goochland County resident

M. Crook supports PRL and keeping access to all book titles for all patrons. She is here to prevent book banning, to stop it before it happens. It starts when a small group of people gain more local power by making up scary stories to discredit the educated people running things and begin restricting access to books and ideas - starting with trans and gay literature, citing it as obscene. She is providing a mirror, and the Board must decide if they are someone like our forefathers protecting First Amendment rights or like Nazis who are famous for restricting them. Listen to people pointing out these similarities before it is too late. To those who want to be on this path, we see and know why you want to take up space on a library board, but don't want to bother learning from librarians how libraries work. We know why you try so hard to discredit the ALA and want to have a list of all books before they are purchased for the library. The point of a library is access to all viewpoints without restriction. If you want parts of the library to be labelled or restricted that you find icky, you don't want a public library, you want a personal one. If you believe certain stories shouldn't be accessible in a public library, then you don't belong on a public library board and you will be famous for the damage to your own community.

Dorothy Wassenberg – King William County resident

D. Wassenberg finds it appalling that some citizens find it acceptable to have these offensive books in the library. This is not a scary story, but a fact, from a book called *All Boys Aren't Blue* by George Johnson, which D. Wassenberg reads an excerpt from. We are not asking for these

books to be banned or taken away, but be moved to an area where children need to have parental signatures to check them out, a separate location. Many children do not have the parental guidance that my children and grandchildren receive. The Board needs to take into consideration all of the people they are exposing to this slanderous, promiscuous pornography.

Jennifer Strozier – Goochland County resident

The Board of Supervisors appoints the Board of Trustees. Ryan Hudson, who is running for the BOS in Hanover, has said that he wants to destroy the PRL System. This is the person who puts people on the board. They also want to take away voting rights in order to elect the school board. You can see where it is going. The same people who talk about parental rights all the time want to interfere and dictate their goals and values on other people. People question the payments made from this library, want to see lists of new books, and want to sequester some books away. If you don't like the library, don't go to the library. If you can't trust your kid in the library, don't take them to the library. Don't screw up every one else's ability to get out the material they want from the library. Citizens pay for and deserve this, and do not want these people to dictate what can be read in the library. J. Strozier was recently able to get a book through the Goochland Library from another library system. If you are going to destroy this system, I would not be able to look at that book. There is no pornography in the book by anyone's standards, but I won't be able to check out that book if most of you have your way.

5. Audit Committee Report

Directly after the September 2023 PRL Board meeting, a letter was received from the Hanover County Administrator, Mr. Budesky, with concerns that the FY22 Audit has not yet been completed and the FY23 Audit is behind schedule. The Audit Committee was formed by the Chairperson according to the By-Laws and includes B. Young, B. Slone, M. Shipman, and C. Schumacher. T. Shepley and K. Catron from PRL have been working closely with several people from Hanover County on this issue. Mr. Budesky's letter asked for a weekly meeting between PRL and Hanover County until the audit process was back on track.

C. Schumacher presented a document titled "Audit Committee Update – 10/25/2023", attached to these minutes. The document presents:

- a timeline overview of numerous meetings which have happened over the last month
- perspectives from various points of view regarding why the FY22 Audit is significantly delayed
- additional points for moving forward.

There is an auditor change between FY22 and FY23. FY22 PRL Audit is almost one year late and PRL is already delayed in submitting documentation to the new auditor for FY23. PRL audits have traditionally been completed by the end of the year or beginning of the following year.

PRL normally budgets between \$13-14,000 for the yearly audit. The contract with Cherry Bekaert for FY22 has already expired and additional work to complete the audit since May/June 2023 will be an additional expense. State Aid is being held until FY22 is completed.

Suggestions for moving forward include:

- audit becomes a standard part of the Director's Report at monthly board meetings,
- Finance Committee works to understand the audit timeline and have more direct oversight,
- look at potential additional resources for PRL (CPA on staff?, consultant hired for audit season?, financial statements prepared by a company?).

Hanover County is willing to help define the timeline and has suggested that PBMares could speak to the Board prior to the start of the next audit to help with this.

J. Taylor, Hanover Deputy County Administrator, thanked everyone for their recent work on this issue. He was surprised and disappointed to hear that this audit was running so late, beyond what would be expected. Many factors have contributed to this. One factor was the change in auditor. PRL can take advantage of Hanover County's contracts for services, like auditors, and we did make a change from FY22 to FY23. Once the schedule slips it is hard to get it back on track as auditors have a schedule of other clients. Appreciate Director Shepley and the PRL Staff for making this a priority as requested over the last 30 days. We expect the external auditors to report at the December meeting. Hanover County, as PRL's Fiscal Agent, is asking that PRL consider allocating additional resources to ensure timely audits. Part of the hold up with the FY23 Audit is getting the FY22 Audit completed because that information is needed for next year's audit.

T. Shepley confirms that the audit committee report is very accurate. Staff have been working very hard on the FY22 audit, even before the creation of the audit committee. Audit has been completed for a while and the numbers have not changed; the trouble is getting the statements accepted with Cherry due to timing and how the auditors choose to staff their projects. Last Friday the audit partner who was reviewing accepted the statements. We have updated items like a legal letter from the county attorney regarding outstanding litigation, of which there is none, and Board minutes. We are waiting for additional questions from Cherry. Mr. Rinehart (Cherry) was not available today. T. Shepley expects that issuance is imminent in next few days. Moving forward with FY23, there is information still needed, but the majority has been provided to PBMares. K. Catron has created a draft version of statements for FY23. PBMares has been responsive so far as information has been provided. Staff is focused on FY22 and finishing with Cherry. Ideally, we will have an issuance date, like to think that can happen in October, and they could come present at December meeting.

R. Martin asked what resources the Board can provide to help staff, as requested by J. Taylor. T. Shepley would welcome additional help and expertise but doesn't yet have a viable plan forward. A budget increase, using the Cherry quote for financial statements (\$13,500), would give him the resources moving ahead to figure out the best option, but would not change anything with the FY23 Audit. T. Shepley has contacted a referred individual to see what type of service they

might be able to provide. The total audit expense would then be almost doubled, around \$25,000-\$30,000.

B. Johnson asked if T. Shepley has a good understanding of FY23 Audit schedule to meet the deadline. The Board is responsible for the fiduciary side of PRL and should be transparent with the public.

T. Shepley does not have an updated PBMAres timeframe for PRL. PBMAres work on Hanover County first, deadline for county is end of October, and then they will get to the other entities (jail, schools, library) in the contract. J. Taylor suggests the Audit Committee could assist in a schedule for FY23.

R. Martin expressed sympathy for the situation and understands that it is hard to catch up when things are delayed. Need to get FY22&23 done as quickly as possible, and then give PRL the financial resources to get back on track for FY24.

T. Shepley stated that in the past few years Cherry has not been willing to work on audit once November comes, and have been non-responsive, but they were also not willing to give them time prior to the end of October when Hanover County's Audits are finished. Priority at this time is to get FY22 and FY23 issued as soon as possible. Delays are not expected with PBMAres.

B. Slone asks what flexibility auditors, PBMAres specifically, have in scheduling time for PRL.

T. Shepley stated that after the Hanover County Audits are completed at the end of October, the auditors will have time, but come January they will be moving on to other scheduled work. One of the initial challenges with PBMAres for FY23 is that their automated system stopped sending emails to both T. Shepley and K. Catron during PRL's scheduled window in August. Generally, auditors have pretty good working flexibility, but experience with Cherry has been different this time.

J. Taylor added that it is a shared relationship between staff and auditors, the dynamics are different in transitioning from one firm to another. The regional jail also felt that the FY22 auditors were slower in responding and not on site as often as in the past. The library has had a successful audit for many years prior to this time.

The statement was made that PRL has always had a "clean" audit. To clarify, C. Schumacher pointed out that there was a significant deficiency listed in the FY21 audit due to capitalization, which was also late in issuance according to minutes.

6. Director's Report

T. Shepley handed out a written copy of his Director's Report (included at the end of these minutes), Funds Schedule, and PRL Statistical Report for September 2023.

Points of information not already included in the Director's Report:

- West Point Branch staff had a tour of the new location.

- Email was sent to the Board with invoice documentation from the West Point project.
- Now that K&Q has a staff member in place, looking for a concrete plan to develop with a target date for transition.
- T. Shepley has asked a King William citizen to meet at the UKW branch so he can better understand his concerns about external & internal accessibility. The landlord is responsible for the exterior and they have taken some action regarding the parking lot. The Americans with Disability Act (ADA) has changed over time and to learn more T. Shepley will start attending meetings with other government staff that are ADA users as a resource.
- T. Shepley presented the Richmond AIA Merit Award to Quinn Evans for the design of the Atlee Library. The awarding jury was a group of architects from the Baltimore area.

7. Old Business

A. By-Laws Discussion

The Board had a work session on October 12, 2023, to discuss revisions to the By-Laws. Part of the discussion involved the Electronic Meeting Participation, which will be discussed as a standalone policy, as well as Committee Descriptions & Composition. Eventually there should be mention of the Electronic Meeting Participation policy in the By-Laws. The goal is to approve the amended By-Laws document at the December meeting.

During this section of the meeting, the Board went through each section of the document, “Board of Trustees By-Laws 2023 (draft; proposed)” and affirmed their agreement with these changes.

The main changes are as follows:

Section II - Order of Business – move Report of Library Director forward and add Committee Reports

Section III – Changed to Elected Officers of the Board, Treasurer moved under Section 4

Section IV – Created Officer of the Library, the Treasurer (Library Director).

The Chair of the Finance Committee is on the Board and appointed by the members of the Board. Previously the Personnel Committee has made nominations for Committee Chairs and Committee Membership.

Section V – Remove Executive Committee and add Finance Committee.

Section VI/VII/VIII – Changes presented as outlined in the document.

J. O’Connor asked about some additional wording in the Citizen’s Time section reminding citizens that their comments should be directed to the entire Board, rather than individuals. D. Walter confirmed that typically the chair of government bodies will remind citizens that comments should be directed to the entire Board. Consensus among the Board was to add an additional sentence at the end of Section VIII, A. that “citizens are expected to address the Board as a whole and not as single individuals”.

Consensus that the amended By-Laws will be voted upon as presented, with the additional sentence under Section VIII Citizens' Time, at the December meeting.

Electronic Meeting Participation Policy

The "Electronic Meeting Participation Policy (with edits, proposed)" was discussed as presented in this document. B. Slone and C. Schumacher were tasked at the work session to create an Electronic Meeting Participation Policy. The result was sent to D. Walter; the red marks throughout this document are his edits.

D. Walter confirms that remote participation does not need to be mentioned in the By-Laws, but state law requires a policy to be adopted; and it needs to be easily accessible to the public. A separate policy can be implemented and amended at one meeting. At a later point in time, it can be added to the By-Laws, possibly with a hyperlink to the policy, after a trial period.

Regarding point 4, D. Walter clarified that the edits in red are to conform the policy to VA State Code which has a two-tiered approach to remote participation. If you cannot attend a meeting due to a personal or family member's medical issue, this is considered an involuntary reason and there is no limit to the number of times this can be used. Personal reasons would include schedule conflicts, business trips, lack of transportation, etc. and can be limited to two missed meetings per calendar year.

J. Edwards suggested that the following be added to the policy draft - "The presiding officer must be physically present at the meeting."

MOTION: B. Johnson moves to adopt this policy with J. Edward's addition. R. Martin seconds this motion, and it passed unanimously by the BOT.

Committee Formation & Responsibilities

B. Young communicates that the decision was made to eliminate the Executive Committee due to the smaller size of the BOT. By the end of this meeting, the goal is to have the Personnel and Finance Committees defined by duties and membership.

Personnel Committee – A major role of this committee is the annual review process for the Library Director, developing the evaluation tool with goals/objectives and execution of the review. Other potential responsibilities include: 1.) overview of PRL organizational structure, 2.) nominating committee, 3.) develop other ways to conduct reviews, 4.) evaluate the annual review process of PRL employees, 5.) whistleblower policies, and 6.) contract for Library Director.

B. Young suggests that in January/February 2024 an "Administrative Manual" needs to be developed to pass on accumulated knowledge, of which one part would be the definition of committee responsibilities and timelines. T. Shepley mentioned that the Board's Fiscal Year Timeline should be included.

MOTION: J. O’Connor makes a motion to accept the Personnel Committee Description with two modifications: 1.) move nominating committee as a major category & 2.) move “develop other ways to conduct reviews” under the Annual Review point. B. Johnson seconded the motion and passed unanimously by the BOT.

Finance Committee – This is the formation of a new committee. Here are a list of potential responsibilities that were gathered from Board members: 1.) oversee annual audit process, 2.) assist with development of budget, 3.) assist with presenting budget requests to local governing bodies, 4.) monitor employee compensation, 5.) educate Board on financial issues (part of the Administrative Manual eventually), 6.) reserve fund, 7.) access to financial statements, 8.) receive explanations for large expenses, 9.) overview of companies with PRL contracts, 10.) accept gifts on behalf of Board, and 11.) oversee overhead expenditures for PRL.

J. O’Connor suggested that Finance Committee members should accompany T. Shepley to their corresponding governing body for budget requests.

B. Slone emphasized that the mechanics of the financial piece lie with library staff, and the Finance Committee plays an oversight/advising role.

J. Edwards recommended that the Finance Committee take these suggestions and fine tune them in their first meeting.

MOTION: B. Johnson moved that these suggested duties be handed to the Finance Committee to develop. B. Slone seconded the motion. The BOT passed the motion unanimously.

Executive Committee

B. Young suggested that the duties of the former Executive Committee should be moved to other areas of the BOT.

J. Edwards recommended that “Long-Range Planning” be addressed by the full board, with the Finance Committee tasked to look at the financial piece. B. Slone mentioned that these could also be considered in board work sessions. C. Schumacher suggested that the “Yearly Board Survey & Board Training” become the responsibility of the Board Chair and/or additional Elected Officers.

Committee Composition

Consensus from the Board is that the Personnel Committee will nominate Committee Chairs and will work with trustees, based on their interests, to provide a slate of committee members, with the goal of having one person from each jurisdiction on each committee.

MOTION: J. O’Connor makes a motion to elect Ryan Martin as Personnel Committee Chair and John Edwards as Finance Committee Chair. B. Johnson seconded the motion and passed unanimously by the BOT.

Personnel Committee – Ryan Martin (Chair – Hanover), Tricia Simpkins (K&Q), Mary Shipman (KW), and Barbara Young (Goochland)

Finance Committee – John Edwards (Chair – KW), Bob Johnson (Hanover), Tricia Simpkins (K&Q), and Barbara Slone (Goochland)

MOTION: J. Edwards moved to accept the proposed committee appointments. B. Slone seconded the motion, and it was passed unanimously by the BOT.

B. FY2025 Budget

T. Shepley distributed a breakdown of the budget category for Dues & Memberships which includes the American Library Association (trustee memberships), BJs, K&Q Historical Society, Mid Atlantic Library Alliance (facilitates cooperative procurements), Rutland Foundation (homeowner's association dues of \$5000 annually), and Virginia Library Association (PRL is an institutional member, use their job line to advertise for professional positions).

T. Shepley then distributed a document in response to questions regarding the FY2025 proposed budget.

Virginia State Aid – A formula is set out in VA State Code and administered by the Library of Virginia. It is an additive process with the inputs of \$0.40 for every \$1 contributed by the localities + per capita grant based on population served + \$10 grant per square mile of library area served with an additional grant of \$20 per square mile for regional libraries. Across Virginia, there is a need of approximately \$28 million for library state aid. The VA General Assembly increased FY24 State Aid from \$20 million to \$24 million per year. The amount actually given to each locality is proportionate based on the amount of approved funding.

In April 2023, the Library of Virginia calculated PRL's FY24 State Aid without K&Q, which resulted in a \$68,078 decrease in funding, for that time period. Since K&Q is still part of PRL during FY24, the expected state aid figured in September 2023 for PRL is \$662,509. When K&Q leaves PRL the state aid money is on the table and will be redistributed among the other entities. K&Q then has the option of applying for state aid as an individual county for their library. State aid is meant to encourage localities to provide more funding and lift all library systems across the state.

The total amount of VA State Aid available has the largest financial impact on PRL's state aid portion. Library systems that get regular increases in their funding from localities will increase their proportion of state aid.

If K&Q had been included in FY25, PRL's State Aid would have been approximately \$738,000, that difference is a \$90,000 decrease due to K&Q leaving the system. The difference between these numbers and those published in April 2023 is due to a state aid increase of \$3.5 million.

Localities must provide funding at a certain level and part of the administrative code expectation is that localities do not reduce funding to the library through budget cuts. Intention is that State Aid does not supplant local funding but supplements it. In the recent past (2009-2011) budget cuts from localities meant that PRL had to apply for a waiver with the Library of Virginia and document spending cuts across departments. If a locality decided to reduce funding to only the

library, PRL would be penalized by how much state aid they would receive. State Aid median amount per capita is \$25.01. If a library fell below half of that (\$12.51), they would be in jeopardy of losing state aid.

Virginia Library Association is primarily involved in encouraging increases to state aid. The \$3.5 million added to the budget puts state aid at 87.5% of full funding. The expectation is that this will continue to increase and hopefully see full funding in the next two-year cycle.

There are rules regarding what state aid can be used for laid out in the administrative code. PRL has traditionally used it to purchase library materials because it is easy to document and report back to the Library of Virginia. There are other categories which are allowable, such as paying for some staff.

Additional Information

- The increase in investment income comes from the reserve fund money which is invested in Hanover's investment pool. Hanover County credits PRL with the return on investment. Since investing in Hanover's pool, the income has been more than expected.
- A table of expected contractual spending increases for FY24 was presented.
- A merit increase of 5% for FY25 is in line with Hanover County's guidance. Typically, PRL BOT has followed Hanover's plan since they provide 70% of funding. Goochland traditionally follows Hanover closely. King William splits between a cost of living and a merit increase, based on an employee's performance. PRL's challenge in developing a budget for the next fiscal year is that none of the localities have started their budget process. PRL will adjust their budget as more detailed information comes out from Hanover County – i.e. merit increase %, changes in health insurance, etc.
- B. Johnson asked that if merit increases are the same across the board, how does this impact the way that staff are evaluated and provide additional incentives for employees to excel? PRL uses an Excel form with multiple categories which are weighted differently to create a final numeric score. A score of "Proficient" means that an employee has met expectations in their performance. If an employee is not performing to expectation, supervisory staff will not wait until an evaluation process of "Below Proficient" to address this. There are two categories higher on the evaluation, "Above Proficient" and "Exceptional". Due to the larger increases over the past couple of years, Hanover County removed the top two categories, even employees who scored these evaluations were given the same merit increase as everyone else. PRL tries to be responsive to the counties' perspectives. The full-time staff would be most affected by a merit evaluation of their work, looking at how people's work affects performance measurements. The evaluation process should be blind to the merit increase. The results of the performance evaluation are how people are financially compensated. These processes are different.
- The change in money being taken from the Reserve Fund from FY24 to FY25 is due to not covering a merit increase of 5% to 7% for a total of \$75,000.

- Staffing levels for each branch are as follows: Ashland 4, Atlee 6 (due to two floors), Goochland 3, Hanover 2, K&Q 2, Mechanicsville 5.25, Montpelier 2.5, Rockville 2, Upper King William 2, and West Point 2.
- Mechanicsville Library is an outlier in the utilities category because the building is terrible to heat and cool.
- Atlee Library has higher telecommunications costs because they have the largest internet circuit with 300 mbps bandwidth and set up to have live streamed meetings.
- Facility & Maintenance costs are Ashland \$600 Fire Alarm Maintenance, Atlee \$5000 Rutland Foundation HOA fees, UKW \$4000 the landlord does not maintain equipment and PRL pays for maintenance, parts, and services.
- Hot Spots are a library service. The library owns the equipment, one of the capitalization questions in finalizing the FY22 Audit. The Hot Spots were acquired through cooperative statewide contracts in March 2020 and are billed month to month (FY25: 40 units through T-Mobile and 110 units through Verizon). PRL is in the process of removing hot spots from circulation to meet the budget. It is a highly used service, but it also generates significant extra work.
- PRL uses Hanover County's Chart of Accounts. It does not change to accommodate the library, but it is consistently categorized by staff.
- There are no new personnel positions budgeted for FY25.
- PRL has a salary scale. The most common position is "Associate" with almost 100 employees at approximately \$16.48 per hour (+/- \$.20).
- T. Shepley estimated that annual staff turnover is 6 or 7%. It was higher prior to increasing pay two fiscal years ago.

T. Shepley distributed an updated FY25 Budget Request with updates to Salary & Benefits due to Health Insurance and updates to State Aid.

MOTION: J. O'Connor made a motion to accept the FY25 budget request. J. Edwards seconded the motion, and it was approved unanimously by the BOT.

C. West Point Branch Relocation Project Support

T. Shepley emailed two spreadsheets detailing invoices from the West Point renovation project.

J. Edwards reviewed that the architect's initial budget estimate was \$1.1 million. The actual cost is expected to be significantly less. Initial funding was secured from King William County for just over 26% of the total and the PRL BOT committed up to \$150,000 (just over 13%) and the rest from the town of West Point. We are spreading savings across all the entities and sending out progress billing.

West Point invoices will be approved on the monthly list of warrants.

J. Edwards provided a West Point project update. The next BOT meeting is scheduled to be in West Point in March 2024. By that time, the new branch should be 80-90% complete. We hope to have it available for move in in late winter/early spring. Drywall is up. They have begun

painting and hanging ceiling grids. There are a couple of long-leadup items including the rooftop HVAC unit at a 28-week lead which will arrive in February/March.

8. New Business

No new business.

9. Adjournment

The December 2023 BOT meeting will be held on December 13, 2023, at the Rockville Branch Library at 10:00 a.m.

Having completed the business of the PRL BOT, Chair B. Young adjourned the meeting at 1:05pm after a motion from J. O'Connor, a second from B. Slone, and a unanimous vote of the BOT.

Respectfully submitted,

Christy Schumacher
PRL Board of Trustees' Secretary

Attached: Audit Committee Update & Library Director's Report October 2023

Audit Committee Update - 10/25/2023

Timeline Of Events

- 9/27/23 September Board of Trustees meeting
- 9/28/23 Letter from John Budesky (Hanover County Administrator) re: Audit, setting up weekly meetings
- 9/29/23 First Meeting b/n PRL & Hanover regarding audit (no BOT present)
- 10/6/23 Second Meeting b/n PRL & Hanover (B. Slone & C. Schumacher)
- 10/12/23 Board Audit Committee meets with Cherry Bekaert & PRL
- 10/13/23 Third Meeting b/n PRL & Hanover (phone – B. Young & C. Schumacher)

Around this time, Budesky's letter was forwarded to all County Administrators at the request of the Hanover BOS Chair.

- 10/20/23 Fourth Meeting b/n PRL & Hanover (phone - B. Young & C. Schumacher)
- 10/25/23 October Board of Trustees meeting – Audit issued? Cherry rep scheduled?

Note: There is an auditor change between FY22 (Cherry Bekaert) and FY23 (PBMares).

PRL Staff Perspective:

FY22

- First draft of FY22 audit was sent by PRL in November 2022. The library's numbers have not changed (transactions, net position and fund balance) since January 2023.
- GASB (Governmental Accounting Standards Board) implemented some changes in FY22. Another challenge has been Capitalization - Leased Space, Hot Spots, Capitalization of Items Not Reaching Thresholds. The volume of audit pages has increased by 25% over the last few years.
- There have been a couple of auditors involved and at times they have provided conflicting changes or not given PRL enough turnaround time to submit the requested information.

FY23

- Without FY22 done, it is hard to work on FY23.
- Email communication issues where PRL staff were not receiving the same information regarding the new online portal, and they were unaware of this gap for a period of time.
- Needed to learn a new software for uploading documents with new auditor.
- Auditors are also working through the cloud nowadays. PRL met with PBMares auditors through Zoom only.

Cherry Bekaert Perspective FY22 – Mr. Rinehart:

Audit companies need to plan audit timing as they have multiple clients. Historically PRL has been handled in December. They can't easily get staff to work on audits if PRL is not working to the timeline.

What are the reasons for the delay?

- Financial statement preparation – PRL has opted to do this themselves and not have the auditor do this for them.

- Response to comments has been slow.
- First draft for FY22 was shared in April.
- Small staff doing all the work.

Hanover County Staff Perspective FY22&FY23:

- Switching from Cherry Bekaert to PBMares is not a factor in the tardiness of the FY22 audit.
- PRL rides on the back of the Hanover County audit contract, as do the Regional Jail, School Board, etc. A late audit is a direct reflection on Hanover County and makes it difficult to manage the audit contract.
- PBMares has said they emailed back in August and did not receive a response from PRL. PRL has missed the window that PBMares scheduled for Hanover/PRL work and now PRL is playing catch up.
- Training to become familiar with the new audit system that PRL had not completed on time.
- Other entities, like the jail, are not having these problems in FY22 or FY23. PRL is the only entity under the Hanover County contract that does not have a CPA on staff.

Additional Points:

- PRL budgets between \$13-14,000 per year for an audit.
- The original contract with Cherry is exhausted as of May/June 2023. To complete the FY22 audit, PRL will incur additional costs charged at an hourly rate based on the agreements set out in the Engagement Letter. There is uncertainty about how much the delay in this audit will cost. A Statement of Work / Invoice will be issued at the end of the process.
- State aid is being held until the audit is finished.

Moving Forward

1. 11/1/23 Hanover Finance Committee Meeting
2. Audit updates should become a standard part of the Library Director's Report.
3. The finance committee needs to understand the timeline and oversee PRL's adherence to it.
4. Evaluate potential resources to help PRL stay on schedule in the future:
 - CPA on Staff, or
 - Consultant to help with audits, or
 - Financial Statement Preparation by a company (Quote from Cherry an additional \$13,500)
5. Achieve clarity on the ideal timeline for PRL Audit completions.
 - Mr. Budesky's letter states that audits are due 5 months from the end of the fiscal year. Does that not mean that the audit is due the end of November for the fiscal year? Traditionally Hanover County has finished audits at the end of October, then the auditor has time to work on other entities by the end of the year.
 - Hanover County indicated they could help to work on a timeline for all entities for audit completion to use going forward.
 - Hanover Finance has also suggested asking PBMares to speak with the Library Board prior to the start of the FY24 audit to provide a project plan and timeline.

Library Director's Report October 2023

October was busy with the Board Work Session on Oct. 11 and the full board meeting October 25.

Audit: Friday audit meetings with county staff and BoT Audit Committee members have continued.

Cherry has accepted the FY2022 statements. In anticipation of issuance, we requested a list of any items that needed to be updated or provided by the library. Board minutes through today have been provided. The legal letter confirmation has been completed (it just states what we know about any litigation—there is none). We are still waiting for Cherry's findings that will require our response.

We have also provided multiple PBCs to PB Mares for the FY2023 audit. A rough draft of 2023 statements have been put together, but it is still quite rough as we are still waiting on some information. We are continuing to press to get this done, too.

There were a number of questions related to the draft FY2025 budget for which explanations were compiled and will be presented at the full board meeting. There have been a number of changes since the initial FY2025 was prepared, so the FY2025 budget being presented here today has been updated to reflect these changes. Health insurance and State Aid are the primary areas updated.

West Point relocation work continues. Worked with the town on signage.

King and Queen update: the county has paid PRL for the first quarter contribution. They have hired Erin Lazar as Director of Community Programs and Tourism. I have a meeting with her to discuss transition on Oct. 26. Hopefully they will keep moving forward. I am working on a list of various options for how the library board wishes to see this progress.

Montpelier: met with design staff and county staff to review interior finishes on Oct. 19.

Director has researched accessibility concerns raised by Mr. Garthright. I've also investigated additional training and have joined a group in Northern Virginia meets to discuss accessibility.

On Oct. 17, assisted Hanover Sheriff with investigation of motor vehicle accident in parking lot of Atlee Branch.

The Richmond AIA awarded Quinn Evans a Merit Award for the design excellence of the Atlee Branch Library.

Respectfully submitted,

Tom Shepley, Director
Pamunkey Regional Library