



George F. Johnson Memorial Library Library Expenditures

Report of Examination

Period Covered:

June 1, 2014 — March 22, 2016

2016M-214



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

August 2016

Dear Library Officials:

A top priority of the Office of the State Comptroller is to help local government officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and Board of Trustees governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard local government assets.

Following is a report of our audit of the George F. Johnson Memorial Library, entitled Library Expenditures. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results are resources for local government officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The George F. Johnson Memorial Library (Library) is located in the Town of Union and Village of Endicott in Broome County. The Library is part of the Four County Library System (FCLS), which consists of 42 libraries located in Broome, Delaware, Chenango and Otsego counties. The Library is governed by a nine-member Board of Trustees (Board) which is appointed by the Village of Endicott Board of Trustees. The Board is responsible for the general management and control of the Library's financial affairs. The Library Director (Director) is the chief executive officer and is responsible for day-to-day operations.

The Library has seven full-time and 16 part-time employees and serves approximately 21,000 patrons in Broome County and the surrounding area. The Library provides materials, programs and a variety of services to promote creativity and knowledge to the patrons it serves. The Library's total operating expenditures for 2014-15 were approximately \$1 million.

Objective

The objective of our audit was to assess Library officials' controls over expenditures. Our audit addressed the following related question:

- Did Library officials control library expenditures?

Scope and Methodology

We examined the Library's operations from June 1, 2014 through March 22, 2016. We extended our scope back to June 1, 2011 and forward through May 31, 2016 to trend and analyze financial information. We also extended our scope back to June 1, 2008 to trend real property tax levies.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

Comments of Local Officials

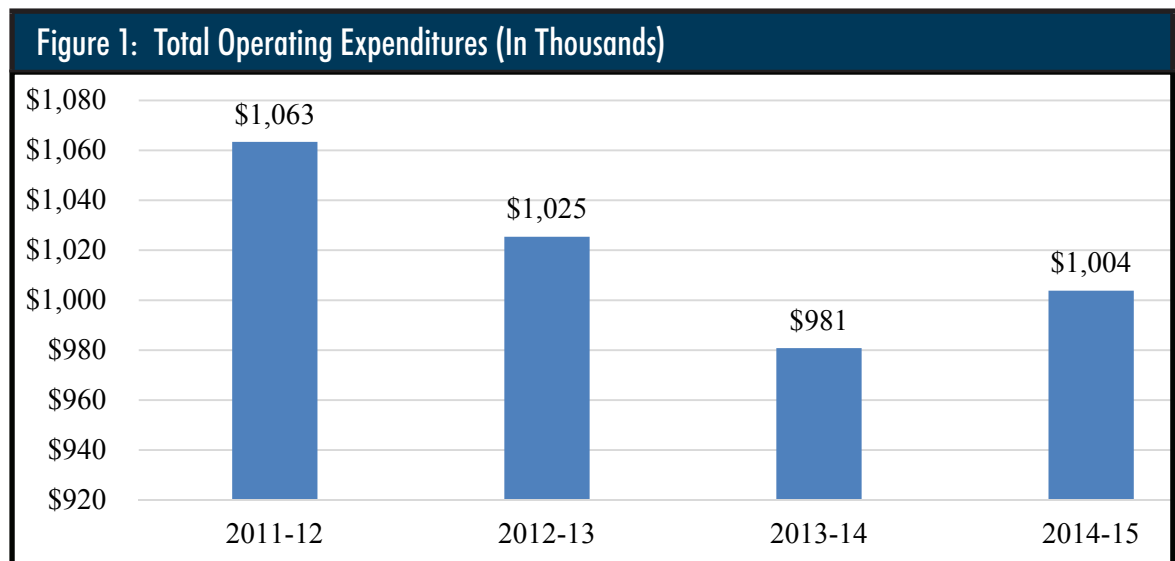
The results of our audit have been discussed with Library officials, and their comments, which appear in Appendix A, have been considered in preparing this report.

Library Expenditures

Library officials are responsible for controlling library expenditures to ensure that services being provided to patrons are provided in the most economical manner possible. To that end, Library officials should adopt realistic budgets and use long-term planning. In addition, Library officials should monitor and control budgets and results of operations by reviewing budget-to-actual reports at least quarterly to ensure that expenditures are within budgeted amounts. The Library's typical expenditures include employees' salaries and benefits, such as health insurance, operations and maintenance of building and purchases of books and materials.

We found that Library officials controlled expenditures. They developed budgets in four-year increments and then determined real property tax levies based on these budgets.¹ Library officials also reviewed budget-to-actual reports monthly to ensure that expenditures were within budgeted amounts. They have also implemented revenue enhancements and cost-saving measures, such as obtaining grants and reducing health insurance costs.

As a result, the Library's total operating expenditures decreased by approximately \$60,000 from 2011-12 to 2014-15.

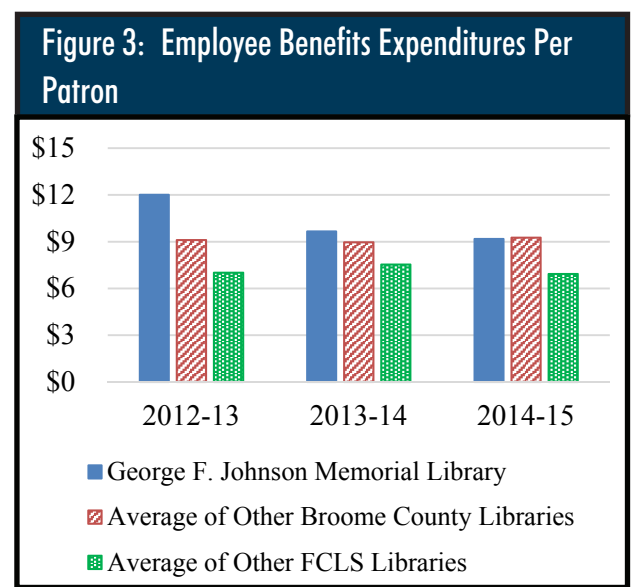
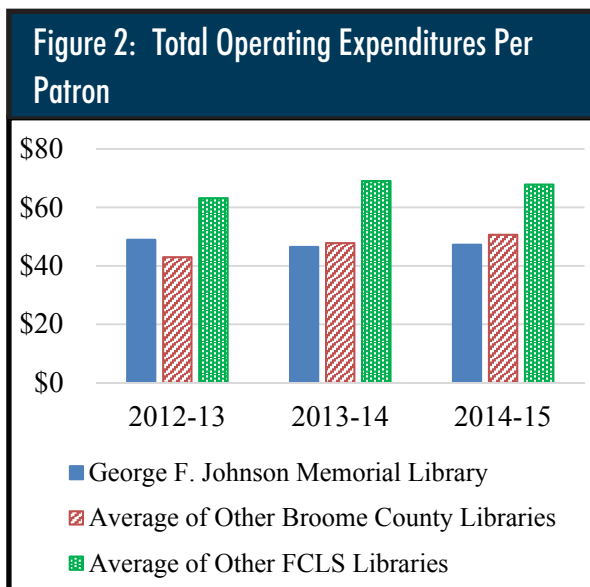


Library officials told us that the Director frequently reviews the cost for various items, such as periodicals and utilities. If he finds a lower cost item, the Director will change suppliers, thus reducing expenditures.

¹ Because any changes to real property tax levies from one year to the next must be approved by voters, Library officials have made the decision to only request increases to the levy every four years.

We also found that Library officials used grant money in ways that allowed them to offset, or finance, expenditures with revenues other than real property taxes. For example, Library officials used New York State capital improvement grants totaling \$36,960 to convert the Library's lighting from fluorescent bulbs to light-emitting diode (LED) bulbs. According to the United States Department of Energy,² LED lights use up to 75 percent less electricity and last up to 25 percent longer than fluorescent bulbs. As a result, the Library has saved on electricity costs and expects to save on light bulb replacement costs.

By continually seeking cost-saving measures, Library officials have been able to reduce health insurance costs by more than \$61,000 between 2013-14 and 2014-15 by obtaining their own health insurance plan instead of continuing to be a part of the insurance plan held by the Village of Endicott. Therefore, they did not need to increase real property taxes from 2008-09 through 2014-15. Additionally, when compared to other libraries in Broome County and the FCLS,³ the Library's total operating expenditures per patron were in line with or less than the average of other libraries' operating expenditures, and the Library's employee benefits expenditures per patron decreased each year and became more closely aligned with the other libraries. See Figure 2 and Figure 3.



We commend the Director and Library officials for effectively managing Library expenditures.

² <http://energy.gov/energysaver/led-lighting>

³ The financial information used in Figure 2 and Figure 3 was obtained from the New York State Education Department (NYSED) and only includes those libraries that reported the information to NYSED. For those libraries that were included in our 2012-13 and 2013-14 comparisons that did not have data for 2014-15, we used the average of their expenditures per patron for 2012-12 and 2013-14 to estimate their 2014-15 expenditures per patron.

APPENDIX A

RESPONSE FROM LOCAL OFFICIALS

The local officials' response to this audit can be found on the following page.

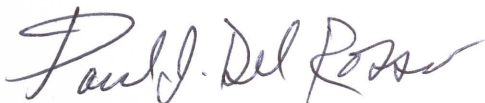
July 28, 2016

H. Todd Eames
Chief Examiner
State Office Building,
Suite 1702
44 Hawley Street
Binghamton, New York 13901-4417

Dear Mr. Eames,

The Board of Trustees of the George F. Johnson Memorial Library has read the draft of your recent audit of our institution and its positive findings. We appreciate the time and effort expended by your staff and their professional manner in conducting this audit. We also appreciate the clarity of the bar charts they prepared showing the favorable trends in library expenditures achieved over the past several years. Our goal as a board has been to provide the best possible services to our patrons while at the same time controlling expenses on behalf of the tax payers of the Town of Union.

Very truly yours,



Paul J. Del Rosso
President
George F. Johnson Memorial Library Board of Trustees

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APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed Library officials to gain an understanding of Library operations, including long-term planning, budgeting practices and cost-saving activities.
- We analyzed the Library's total operating expenditures from 2011-12 through 2014-15 to determine if total operating expenditures have been increasing or decreasing.
- We reviewed real property taxes for the period of 2011-12 through 2015-16 to determine if real property taxes remained constant or increased.
- We averaged total operating expenditures and employee benefits expenditures per patron for libraries located in Broome County and the FCLS⁴ and compared these averages to the Library's total operating expenditures and employee benefits expenditures per patron.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

⁴ The financial information used to calculate averages was obtained from NYSED and only includes those libraries that reported the information to NYSED. For those libraries that were included in our 2012-13 and 2013-14 comparisons and did not have data for 2014-15, we used the average of its expenditures per patron for 2012-12 and 2013-14 to estimate its 2014-15 expenditures per patron.

APPENDIX C

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