



Western Sullivan Public Library Library Operations

Report of Examination

Period Covered:

July 1, 2013 — March 27, 2015

2015M-156



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

October 2015

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 Western Sullivan Public Library, entitled Library Operations. 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 and recommendations 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 Western Sullivan Public Library (Library) consists of three library buildings located in Sullivan County. The main library building is located in the Village of Jeffersonville, and the other two library buildings are located in Callicoon and Narrowsburg.¹ The Library is a member of the Ramapo Catskill Library System (RCLS), which consists of 47 libraries located in Orange, Rockland, Sullivan and Ulster counties. The Library is governed by a nine-member Board of Trustees (Board) and serves the residents of the Sullivan West Central School District (District). 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 18 full-time and part-time employees, combined, resulting in approximately 13 full-time equivalent (FTE) positions. Library appropriations for the 2014-15 fiscal year totaled \$702,600, which were primarily funded by real property taxes, trust fund proceeds, grants, donations and fees collected from Library patrons.

The Library provides materials, programs and a variety of services to promote education, creativity and knowledge in the communities it serves. The Library supports the private and professional sectors of the District and the artistic, educational and other interests of the communities.

Objective

The objective of our audit was to examine the Library's financial operations. Our audit addressed the following related question:

- Did Library officials ensure that services were provided to the Library's patrons in an economical manner?

Scope and Methodology

We examined the Library's operations from July 1, 2013 through March 27, 2015. We extended our scope back to July 1, 2011 and forward through June 30, 2015 to trend and project financial operations.

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

¹ On April 5, 2000, voters of the newly formed Sullivan West Central School District voted to merge the three libraries to form the Western Sullivan Public Library.

are included in Appendix D of 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
Library Officials and
Corrective Action**

The results of our audit and recommendations have been discussed with Library officials, and their comments, which appear in Appendix B, have been considered in preparing this report. Except as indicated in Appendix B, Library officials generally agreed with our recommendations and indicated they planned to initiate corrective action. Appendix C includes our comments on issues raised in the Library's response letter.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report should be prepared and forwarded to our office within 90 days, pursuant to Section 35 of General Municipal Law. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the Director's office.

Library Operations

Library officials are responsible for managing the Library's overall costs to ensure sufficient and proper services are provided in the most economical manner. Library officials are responsible for increasing interest (i.e., patrons and circulation²) in the Library. To manage costs, Library officials should plan the various services and programs offered, continually monitor the aggregate progress of those services and programs and make changes, as necessary, to ensure they are provided to patrons in the most cost-effective manner.

While Library officials have attempted to lower costs and increase interest in the Library, their costs remain high while their patrons and circulation remain low. According to information reported to the New York State Education Department by all of the libraries in the State, the Library's costs were generally higher (see Appendix A) and generally required higher real property tax levies per resident patron than other libraries. Also, the Library's circulation per FTE was well below the other libraries for 2012-13.

The Library's higher costs are part of the Library's trend of increasing expenditures and real property taxes. Although circulation increased in 2013-14, there was a significant estimated decrease in 2014-15.

Figure 1: Trend Analysis of the Library

Description	2012-13	2013-14	2014-15 (Estimated)
Expenditures (Excluding Capital Costs)	\$654,400	\$697,600	\$700,800
Real Property Tax Levy	\$578,600	\$589,825	\$627,300
Patrons	5,169	4,838	4,938
Circulation	75,855	78,315	71,997

Contributing factors include fixed costs for operating its three buildings (Jeffersonville, Narrowsburg and Callicoon) compared to the majority of the other libraries operating one building. The fixed costs include heat, electric, telephone and Internet, which have remained relatively stable over the last three years.

² Circulation is the number of materials borrowed by the patrons (i.e., books, audio and video).

Description	2012-13	2013-14	2014-15 (Estimated)
Heat and Electric	\$24,821	\$25,620	\$23,559
Telephone	\$3,813	\$3,645	\$3,648
Internet	\$3,557	\$3,870	\$3,814

Also, the Director and Board President told us they require two staff members each at the Jeffersonville and Narrowsburg buildings and three staff members at the Callicoon building during the buildings' hours of operation.

Other than comparing salaries to other libraries, Library officials did not perform any comparative cost analysis of Library operations, nor did they segregate cost information by building.

We performed a cost analysis for the Library and 119 other libraries as highlighted in Appendix A. We found that the Library would need to reduce costs (excluding capital costs) by approximately \$180,000 to be in line with the average of the total costs per patron of the other 119 libraries. In addition, the Library would need to increase its circulation by approximately 58,000 to be in line with the average of the total circulation per FTE of the other 119 libraries and by approximately 25,000 to be in line with the average of the total circulation per capita of the other 119 libraries. Finally, the Library would need to increase its patrons by approximately 3,370 to be in line with the average of the total patrons per capita of the other 119 libraries.

Therefore, there is potential for Library officials to lower costs and increase interest in the Library. We interviewed the Library Director from a library in our comparison group to gather ideas about how to increase patrons and circulation. Some ideas suggested included providing library programs for children while school is in session and hosting library programs with other groups (i.e., local villages, towns and other organizations within the community). Library officials have, on their own, attempted to lower costs by obtaining an energy efficiency audit and sharing staff between the three Library buildings. While Library officials had not yet received a written report of the energy efficiency audit by the end of our fieldwork, the Board plans to meet to determine which recommendations it can implement to achieve cost savings for the Library once the results are available.³

³ Two of the anticipated recommendations that Library officials would like to implement are purchasing a heater pump for the Jeffersonville branch which, according to the Director, will save them almost 50 percent of their electric heating costs and installing insulation in the attic space of the Jeffersonville branch.

Library officials also plan to evaluate the need for staff positions upon resignations and retirement.

Library officials have also attempted to increase interest in the Library by organizing a field trip with District officials to introduce elementary school students to the Library. During this trip, students were encouraged to check out materials, which resulted in 60 students becoming patrons. Furthermore, Library officials have plans to conduct a card drive⁴ in September 2015 and a customer survey to increase the number of patrons and identify programs of interest to provide to the patrons.

Recommendations

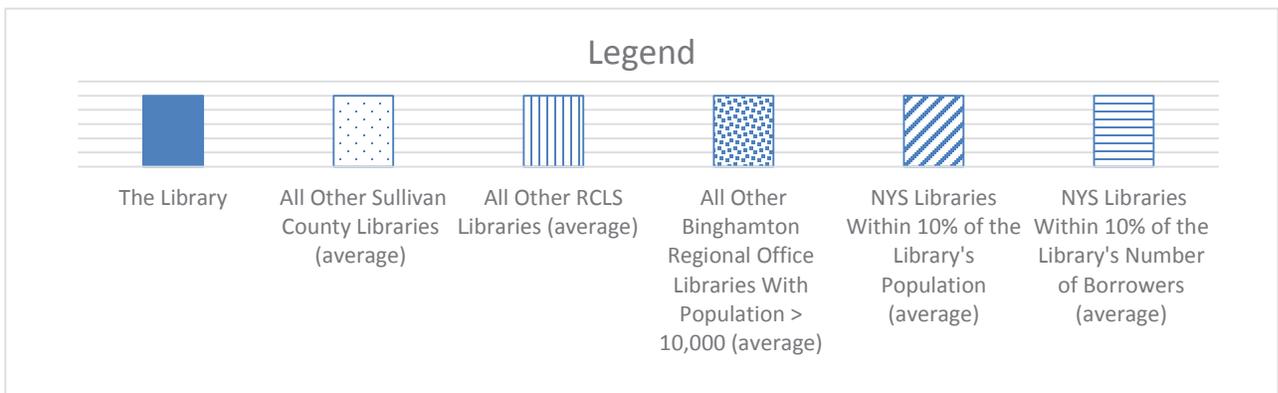
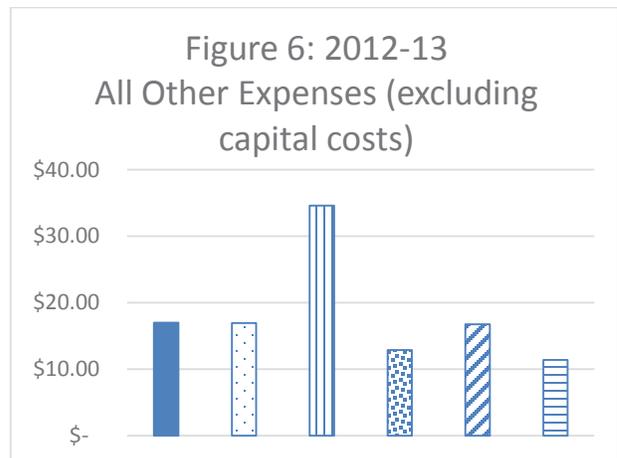
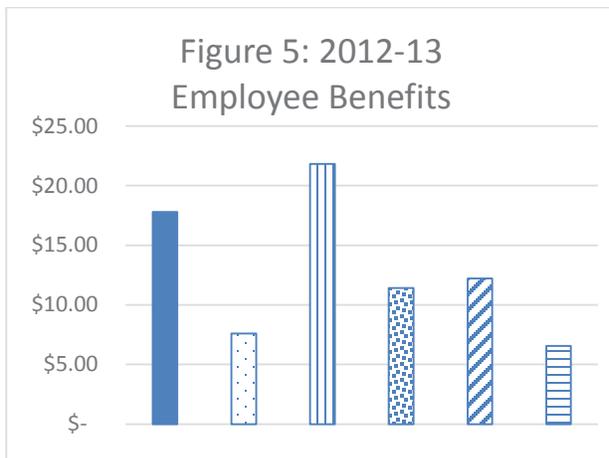
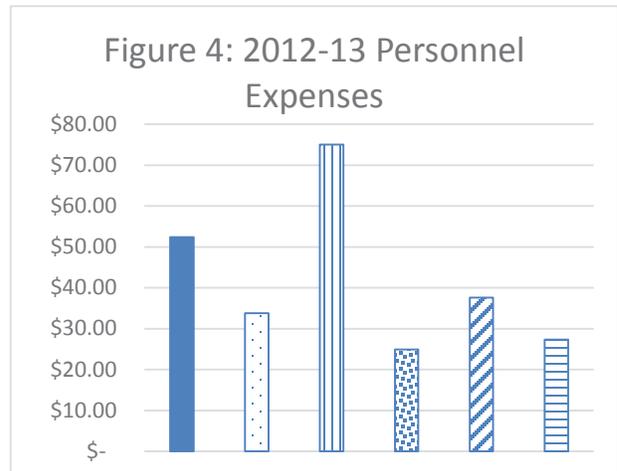
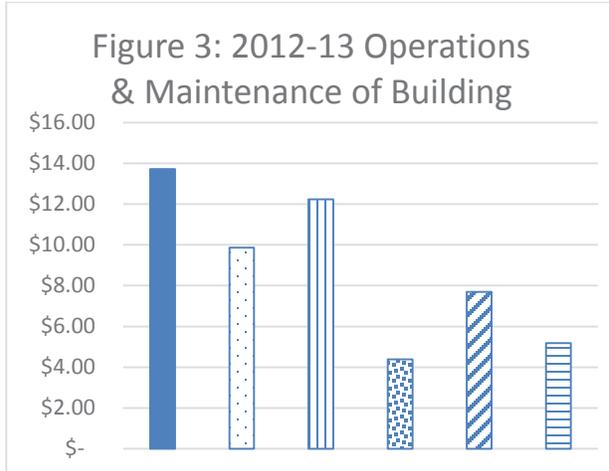
Library officials should:

1. Perform a comparative cost-benefit analysis of Library operations and segregate cost information by building to allow for more informed management decisions regarding maintaining three Library facilities.
2. Reach out to other libraries to discuss ideas for cost savings and increasing patrons and circulation. Some ideas to increase patrons and circulation include providing library programs for children while school is in session and hosting library programs with other groups.
3. Solicit feedback from patrons to make informed decisions on programs and services provided and increase circulation.

⁴ A card drive is an event where the Library will be focused on increasing the number of cardholders that the Library serves.

APPENDIX A

COSTS PER PATRON FOR LIBRARY AND COMPARISON GROUPS⁵



⁵ The RCLS libraries' average costs for personnel expenses, employee benefits and all other expenses (excluding capital costs) were higher because the majority of these libraries are located in Orange and Rockland Counties. Those counties typically have higher costs than Sullivan and Ulster Counties.

APPENDIX B

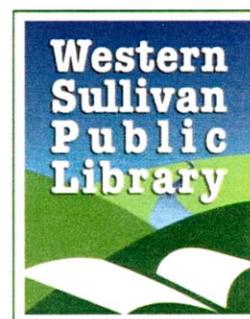
RESPONSE FROM LIBRARY OFFICIALS

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

The Library's response letter refers to page numbers that appeared in the draft report. The page numbers have changed during the formatting of this final report.

October 8, 2015

H. Todd Eames
Chief Examiner, Division of Local Government
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Dear Mr. Eames:

On behalf of the Board of Trustees, I am writing in response to the preliminary draft audit findings for the period of July 1, 2013-March 27, 2015. This letter represents our response to your findings.

As taxpayers as well as board members, we all share your concern that any library services be provided in an economical fashion. Your three recommendations, found on pages 7 and 8 of your report, offer a smart means of moving forward and will certainly be addressed in our Corrective Action Plan.

While we agree with your common sense suggestions, we have to express some concern about your report's conclusion that our system is disproportionately more expensive than comparable institutions.

Sullivan County has often been described as a geographical entity two thirds the size of the State of Rhode Island with a population of fewer than 80,000 people. The Western Sullivan Public Library serves the most rural section of our sparsely populated county, reflecting the area and population served by the Sullivan West School System, comprising roughly 10,500 households spread out over more than 245 square miles.

Are any of the library systems cited for comparisons sake in figures 3 through 6 in your Appendix A truly comparable to our system? Do any of them reflect multi-branch systems? Do any of them serve a community covering so much territory?

See
Note 1
Page 11

Absent real "apples-to-apples" comparisons, some of your conclusions seem extreme. Your suggestions, found on page 7, that — in order to conform to a statistical "average" — we increase our circulation by 58,000 (from 69,626) and that we increase our patron count by 3,370 (from 4,938) reflect an unreasonable mismeasurement of our demographics.

See
Note 2
Page 11



We operate three separate buildings to serve our patrons, separated by considerable distances.

Early in the audit process, you measured our individual branches and found that, when assessed singly, that they were economically run when compared to other, similar facilities. In fact those branches are probably even more efficiently run than most because we share the cost of one director between three facilities.

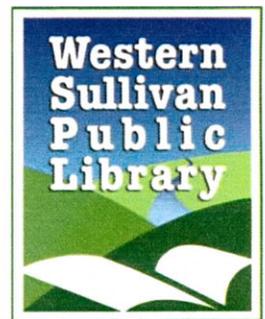
Simply put, taking our system as a whole and then comparing it with single or double branch libraries located close together in more densely populated areas is neither fair nor instructive. It serves to put us at a theoretical or actuarial disadvantage without reflecting the realities of our mission.

In conclusion, we plan on moving forward with your three main suggestions, as we embark on our Corrective Action Plan. But we remain firmly committed to serving our rural community. We thank you for your efforts and your insights. In many ways, your findings and comparisons underscore the unique nature of our system, and of our challenge.

Respectively,

Kristin White
Director

cc: WSPL Board of Trustees



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APPENDIX C

OSC COMMENTS ON THE LIBRARY'S RESPONSE

Note 1

We discussed the library comparison groups with the Director and Board President on May 11, 2015 to ensure the libraries selected were comparable. The comparison groups agreed upon included four libraries that had two branches and one library that had three branches to address the service needs for the territories they served.

Note 2

The circulation number in the report has been updated to 71,997 based on information provided at the exit conference. Our report does not recommend the Library conform to statistical averages for circulation or patrons. Our report compares the Library's costs to the costs for comparable libraries considering factors such as circulation and patrons. The Library can improve its cost performance by any combination of reducing costs or increasing circulation or patrons.

APPENDIX D

AUDIT METHODOLOGY AND STANDARDS

The overall objective of our audit was to determine if Library officials ensured that services were provided to the Library's patrons in an economical manner from July 1, 2013 through March 27, 2015. We extended our scope back to July 1, 2011 and forward through June 30, 2015 to trend and project financial operations. To accomplish our objective and obtain valid audit evidence, we performed the following steps:

- We interviewed Library officials to document Library operations and services provided to the Library's patrons.
- We compared the Library to the following groups of libraries: all eight other Sullivan County libraries, all 46 other RCLS libraries, 13 other Binghamton regional office area⁶ libraries with resident populations over 10,000, all 33 other libraries in the State with resident populations within 10 percent of the Library's resident population and all 43 other libraries in the State with patrons within 10 percent of the Library's number of patrons.⁷
- For 2012-13, we calculated the operation and maintenance costs per patron, personnel costs per patron, employee benefits cost per patron, other costs (excluding capital costs) per patron and circulation per FTE for the Library and each of the library comparison groups. We ranked the Library within each comparison group and compared the Library to the average costs for each comparison group.
- For 2013-14, we calculated the real property taxes per capita for the Library and each of the library comparison groups.⁸ We ranked the Library within each comparison group and compared the Library to the average costs for each comparison group.
- We analyzed the Library's trend of real property taxes from 2011-12 through 2015-16.
- We analyzed the Library's trends of total costs (excluding capital costs), patrons, circulation and fixed costs (i.e., heat and electric, telephone and Internet) from 2012-13 through 2014-15.
- We calculated the total costs (excluding capital costs), circulation per capita, patrons per capita and circulation per FTE for the Library and the 119 libraries included in the comparison. We ranked the Library within the total 119 library group and compared the Library to the average of the total group.
- We interviewed the Library Director from a library in our comparison group with a high circulation per capita to gather ideas about how to increase the Library's patrons and circulation.

⁶ Broome, Chenango, Cortland, Delaware, Otsego, Schoharie, Sullivan, Tioga and Tompkins Counties

⁷ Some of the libraries are in more than one group and are, therefore, counted more than once.

⁸ Real property tax data as reported to the New York State Office of Real Property Tax Services. Not all of the libraries in the comparison groups had available data; therefore, we compared the Library to the data available.

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.

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