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*Comptroller*

COUNTY OF ONONDAGA

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County Comptroller*

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April 24, 2008

The Honorable County Executive  
The Chair of the County Legislature  
The Chair of the Education and Libraries Committee  
The President of the OCPL Board of Trustees  
The Executive Director of OCPL  
The Chief Fiscal Officer  
The Clerk of the County Legislature

We have completed the audit of the Onondaga County Public Library (OCPL). The period tested was January 1, 2004 through December 31, 2006. The scope of the audit included a review of the following:

- 2006 Budget Process-Central Library, Syracuse Branches and Grants
- 2004-2006 Budget/Actual Variances-Central Library, Syracuse Branches and Grants
- Fines and Fees Receivable-Central Library and Syracuse Branches
- Condominium Agreement and Roof Issue

We conducted our audit in accordance with Generally Accepted Auditing Standards, Government Auditing Standards issued by the Comptroller General of the United States, the provision of the Office of Management and Budget (OMB) Circular A-133 and the Audits of State and Local Governments. Generally Accepted Auditing Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial records are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial records. An audit includes assessing the accounting principles used and significant estimates used by management, as well as evaluating the overall financial records in compliance with established policies and procedures. It is the responsibility of the department to ensure the financial records are accurate, complete and that established policies are adhered to.

The following are some of the significant issues that were raised during the audit:


- A review of budget/actual for the years 2004-2006 noted a number of revenue and expense accounts for the Central Library and the Syracuse Branch Libraries as overstated or understated. Included in this number, was the Library Books and Materials expense line that was over budgeted for both Central Library and the

Syracuse Branch Libraries. Recommendation was made that budgets reflect past actual experience. (Findings 6,13-14,18 and 30-34)

- Library financial reports noted a fines and fees receivable balance at December 31, 2006 in the amount of \$2,750,155.08. Recommendation is that policies and procedures be developed and implemented to track and control fines/fees receivable. Comptrollers will assist in this development. (Finding 8)
- Library Administration should obtain written agreements between OCPL and the Member and Syracuse Branch Libraries to support system services and costs; and between OCPL and the Friends of the Central Library, Inc. to protect the interests of the County. In addition, a contract between the City and the County to correspond with Onondaga County Legislature Resolution 269 of 1999 should be obtained. (Findings 11,17 and 29)
- As of October 21, 2007, a review noted sixty-two library grants where revenue balances exceeded expenditures creating deferred revenue of \$293,626. It was recommended to Library Administration to determine if revenues received can be expended or returned to the grant source. Proper planning and fiscal management would be for Library Administration to plan, manage and utilize grant funding in a reasonable time frame. The Library grant fund should be reviewed on a monthly basis with a report provided to the Executive Director as to the status of the grants. (Finding 25)
- At the Central Library, there is an ongoing issue with the roof leaking over the local history room. The County has paid \$11,866 in roof repairs. An appraisal is recommended to value the collection in case of loss, as well as, contents should be continually moved to an area in the Library conducive to protecting and preserving the items until the roof is permanently fixed. (Finding 28)

As noted in the response from OCPL, the auditor who performed the audit test work is a trustee of the Fayetteville Free Library, that is a member of the OCPL system. In their response, OCPL expresses concern that a conflict of interest may exist. The Audit Division maintains a system of planning, supervision and review in accordance with applicable audit standards to ensure our work product serves the interests of the taxpayers of Onondaga County. The auditor assigned was chosen specifically due to her knowledge of library operations and this was disclosed to the Library in advance. We believe this assignment further enhances the value of the Audit Division's work to the taxpayers.

Sincerely,

  
Robert E. Antonacci II, CPA

**OCPL-Central, Branch Libraries, Grants  
Report  
2007**

**Overview**

The Onondaga County Public Library (OCPL) is one of 23 public library systems chartered by the Board of Regents of the State of New York. It operates the Central Library, eight city branches, and two satellite libraries in community centers. It serves 18 independent suburban member libraries in the county.

**Three-Year Budget & Actual**

<b>OCPL General Operating</b>	<b>2006 Modified Budget</b>	<b>2006 Actual</b>	<b>2005 Modified Budget</b>	<b>2005 Actual</b>	<b>2004 Modified Budget</b>	<b>2004 Actual</b>
Revenues	5,925,441	5,829,886	5,575,881	5,718,558	5,652,878	5,537,495
Expenditures	6,432,726	6,342,665	6,295,674	5,945,175	6,168,876	5,687,563
Rev exceed Exp	(507,285)	(512,779)	(719,793)	(226,617)	(515,998)	(150,068)

<b>OCPL Grant Fund</b>	<b>2006 Modified Budget</b>	<b>2006 Actual</b>	<b>2005 Modified Budget</b>	<b>2005 Actual</b>	<b>2004 Modified Budget</b>	<b>2004 Actual</b>
Revenues	634,478	666,011	618,532	477,808	528,361	511,026
Expenditures	634,478	650,734	618,532	550,388	528,361	379,902
Rev exceed Exp	-	15,277	-	(72,580)	-	131,124

<b>Syracuse Branches</b>	<b>2006 Modified Budget</b>	<b>2006 Actual</b>	<b>2005 Modified Budget</b>	<b>2005 Actual</b>	<b>2004 Modified Budget</b>	<b>2004 Actual</b>
Revenues	5,386,636	5,349,051	5,447,766	5,391,704	5,524,202	5,532,627
Expenditures	5,768,380	5,585,033	5,755,874	5,469,321	5,630,910	5,249,715
Rev exceed Exp	(381,744)	(235,982)	(308,108)	(77,617)	(106,708)	282,912

The above information is taken from FAMIS. The OCPL General Operating Fund and Syracuse Branches Modified Budgets includes prior year encumbrance carry forwards and resolutions passed by the legislature. Also, the excess of expenditures over revenues represents the use of fund balance. These amounts may not agree to the information as presented in the Onondaga County Annual Budget Book.

## Onondaga County Public Library (OCPL)

### Budget Process

1. The Director of Administrative Services reviews the budget draft with the Executive Director. It is not reviewed with the OCPL Board of Trustees President, Library Treasurer or Finance Committee before presentation to the full Board for review and approval. The OCPL Board of Trustees approved the 2006 budget draft in May 2005. The Handbook for Library Trustees of New York states, “*during its development, the budget draft should be reviewed and scrutinized by the president, the library treasurer or the board finance committee, depending on local practice. The final budget draft should be the product of careful review and discussion by a number of people even before it is presented to the full board. If a budget is presented to the electorate or a local government for approval, the entire board should review, discuss and approve it.*”

*It is recommended the procedures noted in the Handbook for Library Trustees of New York State be followed, whereby, the budget draft should be reviewed and discussed by the President, Treasurer or the Finance Committee of the OCPL Board of Trustees before presentation to the full Board. Thereafter, the provisions set forth in the Onondaga County Charter and Onondaga County Administrative Code for presentation and adoption of the County budget will be utilized to complete the budget process.*

The Executive Director stated that the budget draft is presented to the OCPL Board of Trustees in May for review and approval before submission to the Department of Management and Budget (DMB) on June 1<sup>st</sup>. In August, DMB issues a draft recommended budget to the Executive Director. She reviews this with the Director of Administrative Services and the Budget Analyst and it is presented to the Board of Trustees for final approval in August. The OCPL Board of Trustees By-Laws revised November 2003 states adoption and approval of the budget by the Board is to be prior to the June Board Meeting. There is no mention of a final August approval.

It was noted that the 2006 requested Budget draft, *in principal*, was approved by the OCPL Board of Trustees at the May 2005 Board Meeting, but final approval of the recommended 2006 Budget was not seen in August 2005.

*In theory, if the recommended budget is to be approved in August by the OCPL Board of Trustees, it is recommended that this be stated in the OCPL Board of Trustees By-Laws or procedures attached to the By-Laws.*

*It should be further noted that final approval and adoption of the budget is done by the Onondaga County Executive and Onondaga County Legislature in conformance with the process for adoption of the County's budget as the Library is funded by the County.*

2. According to the OCPL Board of Trustees Bylaws, Adopted February 15, 1978, revised November 2003, “*the Treasurer or Financial Officer shall have such*

*duties and responsibilities as directed by the President.”* The Treasurer of the OCPL Board of Trustees is not involved with the operating budget, however, is authorized to sign checks on the OCPL Trustee checking, commercial savings and Trustees Gift Fund Checking Accounts. According to the Handbook for Library Trustees of New York State- Sample Bylaws, *“the treasurer shall be the disbursing officer of the Board and shall perform such duties as generally devolve upon the office. In the absence or inability of the Treasurer, his/ her duties shall be performed by such other members of the Board, as the Board may designate.”*

*It is recommended that the OCPL Board of Trustees Bylaws or procedures attached to the By-Laws be restated to follow in accordance with the Handbook for Library Trustees of New York- Sample Bylaws, whereby, the Treasurer is to perform the duties devolved on the office rather than as directed by the President of the OCPL Board of Trustees.*

#### New York State Education Aid – Public Library System Basic Aid

3. It appears there is a lack of communication in the Central Library’s administrative office. The Executive Director or Deputy Library Director complete and submit applications for funding available from New York State. The Executive Director receives the grant award notices. With supplemental operational aid, the Executive Director decides where it will be applied. The Director of Administrative Services is responsible to prepare resolutions to be submitted to the County Legislature for acceptance of the funding.

In one instance in 2006, The New York State Department of Education sent to OCPL an *FS-10 (Proposed Budget for a Federal or State project)* showing the estimated allotment from the State for an additional \$50,183 in supplemental NYS Education Aid. The Executive Director applied for the funding by signing the form and remitting it to the state. It was approved by the State Education Division of Library Development on May 4, 2006 and awarded on June 20, 2006. A check dated June 29, 2006 was received by July 18, 2006. Legislative Resolution #178 in the said amount was approved on September 5, 2006. The approved legislative resolution is the source document utilized by the Comptroller’s Office to record increases/decrease in estimated revenues and appropriations on FAMIS the County’s official accounting system. It appears that if the Director of Administrative Services had been notified sooner regarding the award and it’s operational use, it could have been approved sooner by the Legislature.

*It is recommended that clear lines of internal communication need to exist in order for the Department to function efficiently. Resolutions to accept funding should be presented to the County Legislature when it is known funding is forthcoming and ensure budgets are timely entered in the accounting records.*

#### New York State Education Aid-Library Materials Reimbursement

4. Section 273 of the NYS Education Laws provides an amount equal to the amount by which expenditures by the library system for library materials during the

preceding calendar year that exceeds \$0.40/capita, but the total apportionment shall not exceed \$0.68/capita. Although the Library's expenditures both budgeted and actual exceed the minimum of \$0.40/capita, it was noted the Central Library's year end budget amount of \$851,514 or \$1.81/capita for 2004, was used instead of the 2004 actual added with the Syracuse Branch Libraries which totaled \$749,901 or \$1.60/capita.

*Although in this situation utilizing budgeted expenditures verses actual expenditure did not affect the amount of reimbursement, it is recommended that actual prior year expenditures be used in the calculation for reimbursement in the future.*

#### New York State Education (LSSA Aid)

5. The Incentive Grant portion of the 2006 Local Services Support Aid (LSSA) from the State requires an FS-10-F, *Final Expenditure for a Federal or State Project Form*, to be filed within 30 days of the project completion date in order to substantiate final payment of the grant. The Federal and State Grant Status Report dated March 30, 2007 noted the end date of the project as December 31, 2006. It is our understanding that the Executive Director receives this form, but did not for 2006. The Director of Administrative Services received a delinquent notice in March 2007 that noted that since the filing was late, the long form FS-10-F had to be filed. This form was completed, signed by the Executive Director on March 31, 2007 and remitted to the State. This was two months after the required filing date. The final 10% payment for 2006 in the amount of \$13,512 was received and posted to accounting records in May 2007.

*It is recommended to Library Administration to keep track of all required documents to assure completion and filing are done within the required time-frames in accordance with all Federal and State regulations. Failure to comply with the reporting time guidelines will result in a stop payment being placed on all Federal and State Categorical grants awarded to the library through the New York State Education Department (per The State Education Department delinquent notice dated March 1, 2007).*

#### Fines & Fees

6. The adopted budget for 2006 was \$113,275, but actual collections totaled \$53,466. The 2006 revenue of \$53,466 less Unique Management Services, Inc. (UMS) recovery fees expense of \$6,310 netted \$47,156 in fine & fee revenue. Based upon a variance analysis for 2000 – 2006 it appears the Central Library has over budgeted fines & fee revenue on a consistent basis. The adopted budget for 2006 is not consistent with 2003-2004 actual collections (\$59,987 and \$54,158 respectively). A 10% increase to the 2005 actual less UMS fees would have been a more reasonable budget. The average of actual receipts for the years 2000-2006 was \$70,316 as compared to the average of the adopted budget of \$98,375 for those years. This equates to an average overstatement of the adopted budget to actual in

the amount of \$28,059. This substantiates that adopted and modified budgets are not in line with actual collections.

*It is recommended to Library Administration the budget for fines and fees be based on past actual collection experience. It is further recommended that Library Administration continue to weigh the cost versus value of contracting the outside fines and recovery service agency in light of the low cash collection in 2006.*

7. On the Annual Management Report created by the Dynix Automated Integrated Library System, normal damages (to books and materials) levied for a particular Member Library for each year ending January 1, 1996-December 31,2001 ranged from \$0 to \$48. It was noted in September 2002, a coding error by this library caused damages levied to show a balance of \$39850008527 at 12/31/02. It was also noted that on the cumulative Annual Management Report for the years 1996-2006 for all libraries, total damages levied and waived amounts are \$39,850,008,552 and \$39,850,008,536 respectively. We were informed that the Central Library's Technical Services and Automation Division tried to correct these errors in 2002 without success.

*It is recommended to Library Administration that with the new POLARIS automated library system effective October 24, 2007 replacing Dynix, corrections should be made to have accurate accounting records going forward.*

8. On the cumulative Annual Management Reports for the years 1996-2006 for the Central Library and the Syracuse Branch Libraries, we calculated accounts receivable balances of \$1,031,278.90 and \$1,718,876.18 respectively for a combined balance of \$2,750,155.08. These balances are not on FAMIS as accounts receivable. We were unable to acquire a breakdown of patrons with accounts of \$75 and over and those under \$75, as well as, the age of accounts from Technology and Automation as they are working to make the October 24, 2007 deadline date of the installation of POLARIS, the new automated library system.

*It is recommended policies and procedures should be developed and implemented to track and control fines/fees receivables. They should include writing off uncollectible accounts, establishing an allowance for uncollectible accounts and recognizing the net accounts receivable on FAMIS. As discussed with the library, Comptrollers will assist in developing these policies and procedures.*

9. It also appears that the cumulative Annual Management Report for the years 1996-2006 includes fines and fees in the amount of \$173,460 for the following services: Dial PAC (patron can place hold via access only), Inter-Library Loan (books & materials borrowed outside the OCPL system), Lost Agency (item returned by patron, but became lost), OCM (BOCES) and SCS (Syracuse City Schools) borrowed books at no charge, TS (Technical Services- IT processing),

SUUP (SUNY Upstate borrowed small book collection for patients in the hospital), and LVSC1 (Liverpool School- patron can check out himself). We were informed by the Library Clerk 3, Central Library-Automation and Technical Services that these services should not be fee based and they are coding errors. The Director of Administrative Services is not familiar with the background of these charges.

*It is recommended to the Onondaga County Public Library to review the basis of these services and ascertain if charges are warranted.*

10. POLARIS, the new automated integrated library system, is a canned program that does not include a default feature to stop library clerks, pages, etc. from waiving certain levels of fines/fees.

*It is recommended to Librarian Administration for security purposes, consideration given to the installation of a code enhancement whereby library clerks and pages would have to consult and obtain approval from a supervisor or Head Librarian to waive certain fines/fees.*

#### Circulation/Collection System

11. There does not appear to be a written agreement between the Member libraries, Syracuse Branch Libraries and the Central Library (OCPL) regarding transaction charges on circulations through the Dynix Integrated Library System or mailing costs for overdue/hold notices. OCPL has been charging Members and Syracuse Branch Libraries based on a memorandum dated July 18, 1997 from the then Executive Director, whereby the Central Library would cover the costs of the first 50,000 transactions, and Members and Syracuse Branch Libraries would be assessed in \$47.70 per 1,000 circulations and 47.7 cents per Overdue/reserve notices. The memorandum stated that the costs were expected to rise 6% per year. Documentation to support the rate for these charges was unable to be provided by OCPL.

We also noted Library Administration used 6% for 1998 and 1999, then 5% for 2000-2006 understating charges to Members and Branch Libraries. The current Executive Director issued a memo dated December 20, 2005 to Member Library Directors that 2006 circulation costs would be \$75.29/1,000 transactions, overdue/hold notices \$0.7101/notice (both charges are 5% over 2005) and free transactions would drop from 50,000 to 35,000. Had Library Administration used the expected cost increase of 6% each year, the 2006 transaction cost per 1,000 transactions would have been \$80.59 and \$.8058 per notice instead of \$75.29 and \$.7101.

*It is recommended that appropriate supporting documentation utilized in the calculation of charges to Member and Branch Libraries be kept in order to substantiate such charges. We recommend to Library Administration that a written agreement between OCPL and the Member/Syracuse Branch libraries be*

*obtained regarding system services and costs. The library should consider an independent analysis of the process used to calculate and allocate costs to member and branch libraries.*

12. It was noted, in error, the Central Library Business Office under billed Member Libraries for Dynix Circulation transaction charges by \$18,817.61 from January 1, 2006 through September 30, 2006. Members were charged after the first 50,000 transactions instead of 35,000 transactions as per the Library Director's December 20, 2005 memo. Subsequently on October 10, 2006, the Account Clerk 2-Central Library Business Office sent an invoice for the under billing, a letter to the members stating that she incorrectly invoiced them, and a copy of the Library Director's December 20, 2005 memo to Member Library Directors that there is no charge for the first 35,000 transactions per library. Payment was subsequently received in October and November 2006.

The Account Clerk 2 informed us that although she was copied on the Library Director's December 20, 2005 letter, she never received it. We noted that an e-mail dated January 3, 2006 from the Director of Administrative Services to the Account Clerk 3-Central Library Business Office and to the Account Clerk 2 pertaining to 2006 Dynix Charges made no reference to the reduction of free charges from 50,000 to 35,000. The Account Clerk 2 stated that she became aware of the change after she had a discussion with the Director of Administrative Services about the budget in October 2006. At that time, the Director of Administrative Services gave the Account Clerk 2 a copy of the Library Director's December 20, 2005 letter and a copy of the budget for object 047sub object 1622-Charges for Automatic Circulation System-Members.

*It is recommended that clear lines of internal communications between Library Administration and the Business Office exist in order that this office can function properly.*

#### Commissions-Other vending machine

13. The adopted budget for 2006 was \$150 based on actual year to date receipts at April 2005, but the actual receipts at year-end 2006 were \$1,850, or \$1,700 over budget. We also noted no budget set for 2004-2005, however, receipts were \$4,881 and \$3,116 respectively. For the years 2004-2006, the average actual over budget is \$3,166.

*It is recommended that future proposed budgets reflect past actual experience.*

#### Other Unclassified Revenue

14. The 2006 adopted budget for Other Unclassified Revenue was \$93,290 however; actual receipts were \$33,308 or \$59,982 under budget. The Director of Administrative Services requested a budget of \$100, but it appears that the Department of Management and Budget increased the recommended amount to \$93,290 based on the assumption that E-Rate reimbursement would be received

on expenditures relating to the purchase of Technology System Supplies and Network Consultant Support. These expenses for E-Rate funding year 7/1/05-6/30/06 could not be claimed in 2006 for reimbursement due to non-filtering Internet usage by the Library as required under the CIPA (Children’s Information Protection Act). The Library began filtering in 7/06. Technology System Supplies and Network Consultant Support expenditures for the funding year 7/1/06-6/30/07 were claimed in 2007.

E-Rate reimbursement received in 2006 for \$33,289 was based on allowable expenditures relating to telephone line and usage charges.

*Recommended budgets presented to the County Legislature should be based on amounts allowable under the rules and regulations for E-Rate discount reimbursement.*

- Review of the E-Rate Discount reimbursement through the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) also revealed that the Library appears to have not received approximately \$90,290 in available reimbursement as listed in the following chart:

Date	Vendor	Charges	E-Rate Discount	Discount Amount	Potential E-Rate Reimbursement
10/1/05-12/31/05	Verizon Metronet Circuit service	\$ 12,474	58%	\$ 7,235	
7/10/05-7/9/06	Verizon Frame Relay line service	42,555		-	
7/19/05-7/18/06	Verizon Frame Relay line service	4,548		-	
1/1/06-6/30/06	Verizon Metronet Circuit service	<u>40,824</u>	58%	<u>23,678</u>	
	Not claimed for reimbursement	\$ 100,401		\$ 30,913	\$ 30,913
January 2007	Verizon Metronet Circuit service	<u>\$ 3,402</u>	90%	<u>\$ 3,062</u>	3,062
9/12/06-6/27/07	Various vendors-Technical equipment/ software /consultant (net amount)	<u>\$ 62,572</u>	90%	<u>\$ 56,315</u>	56,315
	Total				<u>\$ 90,290</u>

- The Library was unable to submit for reimbursement of \$30,913 through the E-Rate discount due to a decision made by the Library to non-filter Internet usage.
- The January 2007 bill from Verizon in the amount of \$3,402 for Metronet service was erroneously billed to Information Technology instead of OCPL and the bill has not yet been paid.
- \$56,315 in reimbursement through the E-Rate discount was unable to be sought by OCPL for technology equipment/software/network consulting due to not having service provider ID number and change in vendors during the funding year.

*Due to the complexity of the E-Rate program, it is recommended Library Administration consult with the City School District as E-Rate is based on the school lunch program; consult with an advisor from E-Rate Central or with Automation and Technical Services-Central Library, as required.*

*Also in the event Information Technology is billed in error by the vendor and the situation cannot be corrected in time to claim for funding by OCPL, it is strongly recommended the bill is processed by OCPL so the County does not lose out on reimbursement of expenditures.*

*In addition, in the future careful consideration should be given when switching vendors for Internet access and internal connections in order to prevent the loss of E-Rate reimbursement.*

16. In February 2005, Library Administration submitted an E-Rate application for reimbursement to the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC). The application sought approval to include for reimbursement of expenditures for internal connections and basic maintenance of these connections (Technology equipment/software) in the amount of \$434,848 for the funding year 7/1/05-6/30/06. USAC approval was granted for 80% of the expenditures or \$347,878 on January 17, 2007.

A cancellation of USAC's approval for the amount noted above was requested by the Library administration, due to the library system not filtering Internet usage during the funding period, which appears to have made the expenditures ineligible for reimbursement. .

In July of 2006, OCPL started filtering Internet usage. Subsequently, for the 7/1/06 to 6/30/07 funding period, Library administration submitted for E-rate reimbursement approval in the amount of \$430,207. USAC approved a funding commitment of \$383,661. At the time of the Comptroller's review, it appears OCPL has only claimed reimbursement for \$31,707. This leaves \$351,954 in available funding for OCPL for the 7/1/06-6/30/07 funding period.

*Within the rules and regulations of the E-Rate discount program OCPL should seek to maximize reimbursement for necessary expenditures incurred by the County taxpayers.*

## **Appropriations/Expenditures**

### Regular Salaries (101 Payroll)

17. It was noted in the Comptroller's Office 1/2/07 memo of the GASB 39 Determination 2006 of the Friends of the Central Library, Inc. an area of concern was that there *doesn't appear to be any written agreement between the Onondaga County Central Library and the Friends of the Central Library, Inc.* Another area of concern was the Board of Directors for the Friends of the Central Library included employees of Onondaga County.

*It is recommended that a written agreement between the Onondaga County Central Library and the Friends of the Central Library, Inc. be pursued to protect the interests of the County.*

*It is recommended that employees of Onondaga County not be members of the FOCL Board so as to prevent any conflict of interest.*

#### Books and Materials

18. A budget to actual comparison was done for the years 2004-2006. Actual expenditures were consistently under budget. The average adopted budget of \$418,501 was over the average actual expenses of \$378,980 by \$39,521 for 2004-2006 excluding 2005 as Legislative approval was given to use 2004 unexpended funds.

*It is recommended to Library Administration that the budget follow past actual experience. In addition, it is recommended to Library Administration contact the Systems Accounting Manager, Comptrollers-Accounting with assistance on FAMIS with questions on Books and Materials expenditures, encumbrances, pre-encumbrances and remaining balance.*

#### Contracted Client Services

19. Section 273 of the NYS Education Law requires Local Library State Aid (LLSA) aid be distributed within 30 days of receipt by the County to the member libraries. For 2006, LLSA received by the County on 7/18/06, was not distributed to the member libraries until 10/6/06 or 80 days after receipt.

*OCPL should distribute the state aid to member libraries within 30 days as required by section 273 of the NYS Education Law.*

20. An additional \$3,000 in LLSA aid was received by the County for the member libraries in 2006. OCPL budgeted \$178,701 for LLSA State aid, but subsequently received \$181,701 or \$3,000 extra. It does not appear the additional \$3,000 was paid to the member libraries until 2007.

*It is recommended that additional LLSA received by OCPL on behalf of the member libraries be paid to the members in a timely manner.*

21. The LLSA State aid cash grant to the Syracuse Branch Libraries comes in one lump sum. For 2006, the amount was \$50,797. The State does not break up the amount individually by branch. Since this is the case, Library Administration decided that the Librarian 4-OCPL-Syracuse Branch Library Administrator and the Building Maintenance Supervisor would oversee this money for unexpected expenses and maintenance expenses. The Librarian 4 oversees \$35,000 and the Building Maintenance Supervisor oversees \$15,000. Invoices for equipment,

programs and supplies entered in sub object 5687 reduce the Branch cash grant. Any funds left over are to go to the branch fund balance. We noted that the 2006 excel spreadsheet that the Director of Administrative Services maintained on sub object 5687 is incomplete making it difficult to ascertain if all the cash grant has been utilized.

*It is recommended to the Director of Administration that a complete record of branch invoices charged to sub object 5687 be maintained to ascertain that the cash grant owed to the branches is paid down.*

Fees for Services

22. It was noted that the Library split the UMS (Unique Management Services) collection agency charge for November 2006 on Contract Claim number 100463 to index numbers 390114-Central Library for \$519.10 and 390039-Syracuse Branch Libraries for \$1,020.13, however, the Comptrollers-Claims Department charged the entire amount to the Central Library in error. Since it is a 2006 expense and the books are closed, no correction will be made. Had this been discovered in mid-February 2007 before the books were closed, a correction could have been made at that time. It was noted that December 2006 was coded properly in the accounting system.

*Although this does not materially misstate FAMIS, it is recommended that a monthly reconciliation to FAMIS be performed to ensure information is accurately recorded on the County's official accounting system.*

Telephone communications

23. As of our review date of August 13, 2007, we noted a pending payable due to Verizon for Metronet Circuit charges from October 2005 through January 2007 in the amount of \$100,926. The following lists the outstanding payables and the origination year and the unpaid amounts as of 9/14/07.

Year	Month(s)	Pending Payable as of 8/13/07	Paid 9/14/07	Unpaid
2005	Oct-Dec	\$ 12,474		12,474
2006	Jan-Dec	81,648	81,648	
2007	Jan	6,804		6,804
	Totals	\$ 100,926	81,648	\$ 19,278

It is our understanding that when the Library changed from frame relay to Metronet in 2005, Verizon charged the County's Information Technology Department in error instead of the Library. Verizon was notified by Information Technology of the billing error. By October 2005, transfer of charges to the Library was still not done by Verizon. At that point, Information Technology decided not to pay the Library's bill in order to induce Verizon to correct the

billing. The Library was also made aware of this decision. We noted the 2006 charges transferred to the Library August 19, 2007 by Verizon and paid on September 14, 2007 as noted above. IT informed us that late charges were waived. Verizon is still owed the 2005 and 2007 charges as they have not been properly transferred to date.

Since OCPL started filtering in 7/06, we noted on 10/22/07, the Central Library submitted for an E-Rate discount reimbursement of \$33,815.88, or 90% of the Verizon Metronet charges of \$37,573.20 for funding year 7/1/06-6/30/07.

*It is recommended that in the future, IT bills of this nature be paid to the vendor and charged interdepartmentally until the billing error is rectified. This will prevent late payment and potential late fees.*

*Also, as noted in finding number 15, in the event Information Technology is billed in error by the vendor and the situation cannot be corrected in time to claim for E-Rate funding by OCPL, it is strongly recommended the bill is processed by OCPL so the County does not lose out on reimbursement of expenditures.*

*In addition a payable should be created on FAMIS for 2005 in the amount of \$12,474 and 2007 for \$6,804 in order to accurately reflect the County's liabilities.*

Encumbrances

24. As of 7/10/07, OCPL encumbrances with entry dates ranging from 1998-2006 are still outstanding on FAMIS for Supplies & Materials, Library Books & Materials, Contracted Client, Fees for Services, and Maintenance & Utilities. The following table shows the outstanding encumbrance's amount and the date the encumbrance was recorded.

<i>Year</i>	<i>Object</i>	<i>Amount Outstanding</i>
<i>ENCUMBERED</i>	<i>CODE</i>	<i>At 7/13/07</i>
1998	300	\$138
2000	413	\$206
2001	323,408,413	\$1,550
2002	308,408,413	\$823
2003	413	\$700
2004	300,570,413	\$2,904
2005	413	\$4,150
2006	300,408,413	7,276

*Encumbrances are reservations of fund balance that expenditures will ultimately reduce. It is recommended all outstanding encumbrances be reviewed to determine if the encumbrances outstanding are needed on FAMIS or an entry should be recorded to remove the encumbrance from the accounting records to increase undesignated fund balance.*

**Grants Fund**

25. A review of the Library Grants Funded in part or entirely by the State or Federal Government showed that a number of grants with resolution dates back to 2000 have revenue balances exceeding expenditures creating deferred revenue as of 10/21/07 in the amount of \$256,521 for forty-two separate grants. The following shows create date, number of grants and available balance:

Create Date	Number of Grants	Available Balance 10/21/07
2000	2	17,074
2001	4	7,332
2002	5	20,453
2003	2	19,093
2004	6	10,553
2005	6	21,601
2006	9	121,283
2007	4	* 57,085
Sub-total	37	274,474
2003	2	(3,596)
2005	1	(1,200)
2007	2	(13,157)
Sub-total	5	(17,953)
Total	42	256,521

\*Does not include \$135,224 supplemental fund for Basic State Aid received in 8/07. The Legislature appropriated \$85,224 of the funds in 12/07 leaving a balance of \$50,000 that went to operating fund index #390114 (OCPL), Sub object 0640-State Aid Oth Culture & Rec.

A review of the Library Grants not funded by the State or Federal Government showed twenty grants created from 2001-2007 having revenue balances exceeding expenditures as of 10/21/07 in the amount of \$37,105. The following shows the creation date, number of grants by year and the available balance:

Create Date	Number of Grants	Available Balance 10/21/07
2001	3	\$6,891
2002	1	\$3,876
2003	2	\$506
2004	4	\$2,833
2005	5	\$11,889
2006	4	\$9,359
2007	1	\$1,751
Total	20	\$37,105

*It is recommended the grant funds be reviewed to determine that revenues received can still be expended or if unexpended revenue has to be returned to the grant source. Proper planning and fiscal management would be for Library Administration to plan, manage and utilize grant funding in a reasonable time frame. In future years the Library grant fund should be reviewed on a monthly basis with a report being provided to the Executive Director as to the status of the grants.*

26. The review of the Grants also revealed nine grants where revenues equaled expenditures, with a zero available balance.

*It is recommended that Library Grants with zero available balances be closed on FAMIS.*

27. It was noted on February 7, 2007, the Library put through an expense transfer for the year 2006 from the Central Library operating fund to the Grant Fund #767237 (Central Library Development Aid) for Sub Object 4103-Other Employee Wages. This was done after the year-end deferred revenue was entered (February 1, 2007) for the grant creating a negative balance of \$1,246.

*It is recommended to Library Administration that all year-end entries be done before accrual/deferrals to ensure accurate accounting records.*

#### Local History Room

28. An appraisal of the historical documents maintained in the local history room has not been obtained. During discussions with Library management, it was noted there is an ongoing issue with the roof leaking over the local history room of the Library in the Galleries. During the time period January 10, 2006 to June 12, 2007 the County has paid \$11,866 in roof repairs to Josall Syracuse, Inc. for the Central Library. The contractor made note that the roof would have to be replaced ASAP. The owner Onondaga Galleries, LLC (Flaum Properties of Rochester) refuses to pay for the repairs or replace the roof, due to the entity losing out on Common Area income. According to the Amendment and Restatement of Declaration (Section 6.02), Common Expenses *will remain with the Owner* (Onondaga Galleries, LLC) *and /or Occupants of the Commercial Unit*

*until such time as at least 75,000 square feet of the Rentable Area on the ground level and the second level of the Commercial Unit are leased for retail purposes and are occupied and open for business. To date, there has not been 75,000 square feet of retail space leased and open for business. Therefore, the roof is considered a common area of the building and should be repaired and replaced by Onondaga Galleries, LLC. Library management also stated that if the roof was not repaired, the valuable materials in the local history room could be damaged or destroyed.*

*It is recommended that the items in the local history room be appraised to ascertain the value of the collection in case of loss. Monetary compensation can never replace the significance to local history. The Library has moved and should continue to move the contents of the historical room to an area of the Library conducive to protecting and preserving the items until the roof is permanently fixed, in order to avoid damage or loss.*

## **Branch Libraries**

### Operational Contract

29. An updated contract for operations has not been obtained between OCPL and the Syracuse Branch Libraries in accordance with Onondaga County Legislature Resolution 269 of 1999. This was also noted in the Examination of the City of Syracuse Abstract issued by the Comptroller's Office on September 24, 2004.

*It is recommended that OCPL obtain a contract between the City and the County to correspond with Onondaga County Legislature Resolution 269 of 1999.*

### Fines & Fees

30. It appears the Fines/Fees budget has been consistently overstated. For 2006, the adopted was \$151,211, while actual receipts were \$112,928. Also, when 2006 revenue receipts of \$112,928 are offset by the UMS recovery service expense of \$9,794, the net is \$103,134. An adopted budget to actual variance analysis was completed for the years 2000-2006. Average receipts for these years are \$102,291 compared to the average of the adopted budget of \$126,280 for the same time-period. This equates to an average overstatement of the adopted budget to actual in the amount of \$23,989. Also, the fines/fees account receivable balance for the Syracuse Branch Libraries as of 12/31/06 is approximately \$1,718,876. This amount was obtained from the Dynix integrated library system.

*It is recommended the budget for fines and fees be based on past actual collection experience. As noted in finding number 6, it is further recommended that Library Administration continue to weigh the cost versus value of contracting the outside fines and recovery service agency in light of the low cash collection in 2006.*

### Other Unclassified Revenue

31. For the years 2004-2006, revenues were earned and received in the amount of \$400, \$100 and \$200 respectively from Board of Elections for primary and general election polling. No budget was set for 2004-2006.

*It is recommended to Library Administration that this account is budgeted annually to accommodate polling revenues.*

## **Expenditures**

### Supplies & Materials

32. Based upon a three- year analysis of the Supplies & Materials expense account it appears this account has been consistently over-budgeted for the years 2004-2006. The average adopted budget is \$68,798 and the average expenditures are \$55,603 for an average under spending of \$13,195.

*It is recommended future budgets be reasonably set based on past information as well as information relevant to the respective year.*

### Library Books & Materials

33. Per the Librarian 4, Administrator Syracuse Branch Libraries, the variance in 2004 was partly due to the branch librarians being unaware of discounts on their purchases and some branches did not spend like they should have. Also, branches kept track of the materials purchases manually in different formats that may have lead to discrepancies in what the branch managers spent in comparison to what the business office records noted. Finally, the variance was due to the Librarian 4 not being clear on the remaining balance of the Library Books and Materials budget. The Librarian 4 stated that 2006 was under budget, as some branches were not spending their budget because they were confused with how to use the OSA system. They are becoming more familiar with it and she feels that it is a good and reliable system. It gives the branches a clear snap shot of what they have left to spend. She reviews reports off the OSA system when time prevails. The average adopted budget is \$455,389 and the actual expenditures are \$430,812 that equals an average over-budgeting of \$24,577 for 2004-2006 excluding 2005 due to Legislature approval of unexpended funds in 2004 to be used in 2005.

*It is recommended that the Librarian 4, Administrator Syracuse Branch Libraries, review FAMIS and the OSA system regularly to ascertain that the branch budget is being spent down properly. As noted in finding 18, it is recommended to Library Administration contact the Systems Accounting Manager, Comptrollers-Accounting with assistance on FAMIS with questions on Books and Materials expenditures, encumbrances, pre-encumbrances and remaining balance.*

*It is also recommended that the Librarian 4, Administrator Syracuse Branch Libraries contact the branches periodically and make sure they are receiving their popular materials on a timely basis.*

*It is recommended future budgets be reasonably set based on past information as well as information relevant to the respective year.*

Maintenance, Utilities, Rents and Telephone Communications

34. Based upon a three-year analysis of the Maintenance, Utilities, Rents and Telephone Communications expense account it appears this account has been consistently over-budgeted for the years 2004-2006. Maintenance and Repairs was over budget as the Librarian 4, Administrator of Syracuse Branch Libraries was uncertain as to what was spent and remaining. Telephone Communications for 2004-2005 included proposed charges for high bandwidth connection to many government, not-for-profit, hospital and social service agencies through Verizon (Metronet), but OCPL instead of the branches assumed these charges. The 2006 budget for Telephone Communications was reduced to reflect payment by OCPL for Metronet. The average adopted budget is \$301,682 and the actual expenditures are \$230,683 that equals an average over-budgeting of \$70,999 for the three years.

*It is recommended future budgets be reasonably set based on past information as well as information relevant to the respective year. Also, Library Administration should continue to review the budget on a monthly basis.*



# **Onondaga County Public Library**

## **Responses to Audit Report**

**Richard Strauss, OCPL Board of Trustees President**  
**Jay Kianka, OCPL Board of Trustees Treasurer**  
**Joyce M. Latham, Ph.D., OCPL Executive Director**  
**February, 2008**

We note that the auditor who performed the audit and wrote the report is a trustee of the Fayetteville Free Library, which is a member of the Onondaga County Public Library (OCPL) system. The OCPL Board of Trustees expresses concern that this may present a potential conflict of interest. OCPL provides services to the system member libraries and while its relationship with the members is collegial, the roles of service provider and served may occasionally necessitate opposing perspectives.

### Overview

Last sentence indicates that OCPL serves 20 independent suburban member libraries in the county. OCPL serves 18 independent suburban member libraries located in 20 facilities.

### Findings

1. Audit states that the budget draft “is not reviewed with the OCPL Board of Trustees President, Library Treasurer or Finance Committee before presentation to the full Board for review and approval.”

*Response:* the scope of the audit is the 2006 budget process, and at the time the 2006 budget was prepared that was the case. In 2007, however, the draft budget was reviewed with the Board President and Treasurer prior to presentation to the full Board. The finding should more accurately state that the budget “was not reviewed with the OCPL Board of Trustees President, Treasurer or finance committee before presentation to the full Board for review and approval” to reflect the process at the time of the scope of the audit, rather than generalize the process to all budget preparation cycles.

Regarding the recommendation to change the wording of the OCPL Board of Trustees bylaws to reflect its August review of the recommended budget, the Board of Trustees will take the recommendation under consideration.

2. Finding recommends restating the wording of the OCPL Board of Trustees bylaws to reflect the language of the sample bylaws included in the Handbook for Library Trustees of New York regarding the duties of the Board Treasurer.

*Response:* the Board of Trustees will take the recommendation under consideration.

3. Audit recommends that “resolutions to accept funding should be presented to the County Legislature when it is known funding is forthcoming and ensure budgets are timely entered into the accounting records.”

*Response:* the legislative process for accepting grants/additional funding follows the timeline outlined below:

- 1) If notification of award of additional funds is received and a resolution to accept the funds is written and submitted to DMB by the 15<sup>th</sup> of the month, it goes on the agenda for the following month's Education and Libraries (E&L) committee, pending approval by the County Executive's office. If it's received after the 15<sup>th</sup>, it will go on the agenda for the next month after that. For example, if OCPL submits a resolution to DMB on January 8, it will go to February committee; if we submit it on January 25, it will go to March committee.
- 2) After approval by E&L, the resolution goes to Ways and Means, which is held on the last Tuesday of the month.
- 3) If approved by Ways and Means, it goes to the following month's full session of the Legislature, normally held on the first Monday of each month, for approval and adoption.

The supplemental State Aid was awarded on June 20, 2006 and OCPL received notification shortly thereafter. Because we received notice of the award after the 15<sup>th</sup> of June, the resolution went to August E&L committee, August Ways and Means, and was adopted by the full legislature on September 5, 2006, per the legislative process. It could not have moved through the process more quickly or entered in the accounting records any sooner that it did.

4. Finding states "Although in this situation utilizing budgeted expenditures verses (*sic*) actual expenditures did not affect the amount of reimbursement, it is recommended that actual prior year expenditures be used in the calculation for reimbursement in the future."

*Response:* the expenditure amounts referred to above were for illustrative purposes only in the narrative of our 2006 budget request; they were not used to calculate State Aid funding. The State determines and notifies us of our funding level; OCPL does not calculate it. The funding formula is included in our budget request materials as a reference point only. As noted in the finding, it makes no difference if budgeted or actual expenditures are used, as the outcome is the same; however, the recommendation is noted and we will use prior year actual expenditures for our budget narrative illustration in the future.

5. Finding reports on the fact that in 2006, OCPL did not receive from the State a final report form that must be submitted back to the State in order to receive the final 10% of our LSSA allocation. Its absence was not noted until March 2007, when a delinquent notice was received. Audit recommends that Library administration keep track of all documents to assure completion and filing are done within the timeframes required by State and Federal regulations.

*Response:* noted. It is unknown why OCPL did not receive its final report form from the State, which is usually received in October of each year, for 2006. A reminder

system is set up to ensure that if the State fails to send forms that must be submitted for State Aid allocations, it will be noted and followed up.

6. Regarding Central Library fines and fees revenues, the audit states, “It is recommended to Library Administration the budget for fines and fees be based on past actual collection experience. It is further recommended that Library Administration continue to weigh the cost versus value of contracting the outside fines and recovery service agency in light of the low cash collection in 2006.”

*Response:*

- OCPL has been reducing estimates for this revenue for several years. Our estimate for the 2008 budget is \$65,000, down significantly from the years presented in the audit.
  - The 2006 budget was prepared in 2005, before the commencement of the collection agency; accordingly, we’d had no experience with it at that point. Revenue estimates were increased for 2006 based on the vendor’s experience with other clients.
  - The finding doesn’t take into account the value of the materials returned because of collection activity. OCPL’s experience with the process has shown that the return on investment shows up more in the value of the materials returned than in the cash paid in fines. The value of materials returned in 2006 due to the collection agency was \$13,154 – when added to cash returned due to collection activity, it brings ROI to nearly 3:1.
  - OCPL does and will continue to evaluate the cost/benefit of retaining the collection agency.
7. Regarding the Annual Management Report created by Dynix, the automated library system formerly used by OCPL, the finding states: “It is recommended to Library Administration that with the new POLARIS automated library system effective October 24, 2007 replacing Dynix, corrections should be made to have accurate accounting records going forward.”

*Response:* noted. The \$39 billion error was fairly recognizable as an error and accounted for in any analyses. Also, the data was not an accounting record, but rather of an informational nature.

8. Regarding the data contained in the former Dynix Annual Management Report that reports on cumulative outstanding fines, the finding states: “It is recommended policies and procedures should be developed and implemented to track and control fines/fees receivables. They should include writing off uncollectible accounts, establishing an allowance for uncollectible accounts, and recognizing the net accounts receivable on FAMIS. As discussed with the library, Comptrollers will assist in developing these policies and procedures.”

*Response:* it should be noted that the purpose of library fines is not to create revenues for the library; the purpose is to provide an incentive for patrons to return materials. Having said that, OCPL implemented the contract with the materials recovery/collection agency in 2005 in recognition of its outstanding fines. OCPL is very willing to work with the Comptroller's office to implement whatever accounting procedures the Comptroller's Office deems appropriate, and presumes those procedures are applied uniformly across all County departments with collectibles.

9. Regarding charges that appeared under the former Annual Management Report that may more appropriately be items not charged for, the finding states, "It is recommended to the Onondaga County Public Library to review the basis of these services and ascertain if charges are warranted."

*Response:* noted.

10. Finding recommends that OCPL consider installing a code enhancement to Polaris, OCPL's new ILS, that would require clerical and page staff to obtain supervisory approval to waive certain fines/fees.

*Response:* this feature is currently available under Polaris. Activating it may have an adverse impact on work flow and service to OCPL's patrons, and staff are empowered to make these types of decisions, which vary from situation to situation. Recognizing that this must be balanced against the need for appropriate internal controls, the recommendation is under consideration.

11. Regarding circulation and mailer charges to member and branch libraries, the finding states that increasing the charge by 5% annually in 2000-2006 rather than 6% as used in 1998 and 1999 "understates" the charges to the members and branches. Further, it recommends that a written agreement between OPCL and the member and branch libraries be obtained regarding system services and costs, and that OCPL should consider an independent analysis of the process used to calculate and allocate costs the members and branches.

*Response:* using 5% did not understate charges to member and branch libraries. The memo written in 1997 by former OCPL Director Bruce Daniels, setting forth the charges under the newly-implemented Dynix system, indicated that costs were expected to increase 6% per year, as noted by the auditor, and does not constitute a mandate to increase charges by 6% per year. In recognition of the concern voiced by member libraries that costs were not rising by 6% annually, OCPL held the annual increases to 5%.

For several years, OCPL has developed an analysis of system services costs, which it uses for internal informational purposes. Additionally, OCPL has been working with member and branch libraries for several months to develop a Memorandum of

Understanding that will, among other things, set forth the basis for the charges to suburban and branch libraries under the new integrated library system (ILS), and will codify the services provided to those libraries. We welcome the opportunity to work with an independent agency to assist us with such an analysis.

12. Regarding an error made that affected some of OCPL's 2006 invoices for the charges to the member and branch libraries, the finding recommends clear lines of internal communications between Library administration and OCPL's Business Office.

*Response:* OCPL discovered and corrected this error in 2006.

13. Regarding OCPL's vending machine commissions revenue line, audit recommends future proposed budgets reflect past actual experience.

*Response:* this revenue line is extremely variable, as noted below:

<u>Year</u>	<u>Actual</u>
2002	\$314
2003	\$142
2004	\$4,681
2005	\$3,116
2006	\$1,850
2007	\$1,068

It should be noted that 2007 was budgeted at \$3,000, reflecting past trend data as the audit suggests, and the revenues came in significantly under budget. This revenue line does not perform consistently; however, OCPL will continue to endeavor to budget it based on our best estimate of anticipated performance.

14. Regarding OCPL's E-Rate revenue line, which OCPL requested at \$100 but was recommended to the Legislature at \$93,290, the audit states that "recommended budgets presented to the County Legislature should be based on amounts allowable under the rules and regulations for E-Rate discount reimbursement."

*Response:* agreed.

15. Audit discusses the E-Rate discount program for telecommunications services for schools and libraries as a result of the 1996 Telecommunications Act, and indicates that OCPL appears not to have received \$90,290 in available reimbursement, for a variety of reasons. It recommends that "due to the complexity of the E-Rate program, it is recommended Library Administration consult with the City School District as E-Rate is based on the school lunch program; consult with an advisor from E-Rate Central or with Automation and Technical Services-Central Library, as required." In addition, the audit recommends that in the event the County's IT department is billed

in error by the vendor, OCPL processes the bill so that we don't lose out on reimbursement.

*Response:*

- OCPL has not yet received its January 2007 bill for MetroNet service, as well as those for Oct – Dec 2005, despite repeated and ongoing requests to Verizon. Under the rules of the E-Rate program, we are unable to request reimbursement for bills we haven't yet paid.
- OCPL had requested service provider ID (SPIN) # changes for two vendors prior to submitting our 2006 applications. Because the SPIN # change request process wasn't completed by USAC before our applications for reimbursement were submitted, the two applications associated with those vendors were initially disapproved. Subsequently, the SPIN change requests were approved and OCPL was directed to resubmit applications for \$31,707 in reimbursement.
- OCPL administration does consult with E-Rate Central advisors as well as our own A/TS department as needed for completing applications, and has since the inception of the program. The City School District contracts with an outside consultant to complete its E-Rate applications and, as such, school district staff may not be able to provide expert assistance themselves. While the level of reimbursement under the E-Rate program for schools and libraries in the City of Syracuse is based upon the City School District's percentage of students enrolled in the Federal free and reduced lunch program, that criteria doesn't make City School District staff expert in the application process, it simply provides the basis for reimbursement.

16. Finding indicates that of the \$383,661 approved by USAC as potential reimbursement eligibility for the 2006-2007 E-Rate funding year, OCPL has only claimed reimbursement for \$31,707, and recommends that OCPL should seek to maximize reimbursement.

*Response:* This finding is an indication of the complexity of the E-Rate program and the difficulty of comprehending all aspects of it. OCPL, as most schools and libraries who participate in the program typically do, seeks to maximize its eligibility at the beginning of the application process (which spans approximately 18 months and includes four separate application cycles during that time frame) by requesting approval for **potential** reimbursement for any eligible expenditures we **might** make in the ensuing 18 months. As we move through the funding year, our priorities and/or funding support may change and we may not make expenditures initially included in our request. The potential reimbursement dollars approved by USAC are not "lost" if we don't make the expenditures in the first place, as we cannot claim reimbursement for expenditures we didn't make. In 2004, OCPL was approached by a vendor with a proposal for a large-scale technology infrastructure upgrade. OCPL agreed to apply for E-Rate funding for the plan, in the event that it might eventually be implemented.

Although funding for the entire proposal was approved, OCPL subsequently found it necessary to implement only a portion of the plan, and scaled back the proposal significantly. We also used different, local vendors for some components of the plan. OCPL applied for, and received reimbursement for, those portions of the original large-scale plan that were implemented and eligible under E-Rate regulations.

In addition to the reimbursement that OCPL applied for, a vendor who provided service to OCPL submitted directly to USAC and was approved for an additional \$29,573 in reimbursement for the services they provided.

17. Finding recommends that a written agreement between the Onondaga County Central Library and the Friends of the Central Library, Inc. be pursued. Further, it recommends that Onondaga County employees not be members of the FOCL board so as to prevent any conflict of interest.

*Response:* OCPL administration will review the recommendations with the Onondaga County Attorney's office.

18. Audit indicates underexpenditures for the Central Library's books and materials account for the years 2004-2006, and recommends that "the budget follow past actual experience." In addition, it recommends that Library administration contact the Comptroller's office for assistance with FAMIS.

*Response:* orders for library books and materials can take months to fill because of publication dates. Encumbrance information as presented on FAMIS does not differentiate pending orders from select encumbrances in a way that enables us to determine our outstanding balance for these expenditures, especially near the end of the year. Several years ago, this difficulty caused OCPL to overexpend this line item by several thousand dollars. Accordingly, end-of-year expenditures have been very conservative since then, to prevent another such overexpenditure, sometimes resulting in underexpenditure of our materials budget. In order to be better able to track orders that are in process, especially near the end of the year, in late 2005 OCPL purchased a software product, Online Selection and Acquisitions (OSA), that will enable us to do so. OSA was implemented during 2006.

19. Finding indicates that in 2006, Local Library State Aid (*sic*) pass-through funding from the State to member libraries was not distributed to the members until 80 days after receipt, instead of within 30 days as required by State law.

*Response:* noted. OCPL distributed Local Library Services Aid (LLSA) within 30 days in 2007, has done so in the past and will continue to do so in the future.

20. Finding notes that an additional \$3,000 in pass-through funds allocated in 2006 were not distributed until 2007, and recommends that these funds be distributed in a timely manner.

*Response:* noted. OCPL determined in early 2007 that the State had allocated small amounts of additional funds to five member libraries for 2006 totaling approximately \$3,000, and paid the additional allocations to the affected libraries in 2007.

21. Audit notes that the Syracuse branch libraries receive a lump sum of pass-through funding and that the spreadsheet the Director of Administrative Services uses to track the individual branch expenditures of these funds was incomplete.

*Response:* the spreadsheet used by the Director of Administrative Services is simply for ease of use in general review of these expenditures, and is not intended to replace the official record available on FAMIS.

22. Finding indicates that a coding error made by the Comptroller's office was not caught by OCPL, and recommends that monthly reconciliation to FAMIS be performed.

*Response:* noted. Business office staff have implemented a procedure to audit the FAMIS reports monthly.

23. Audit notes pending payables to Verizon for unbilled October – December 2005 and January 2007 MetroNet charges, due to IT being billed for OCPL's charges. It recommends that future bills of this nature be paid by IT and charged to OCPL interdepartmentally until the billing error is rectified. It further recommends that OCPL processes the IT bill in order to claim E-Rate reimbursement. Finally, it recommends that a payable be created on FAMIS for the 2005 and 2007 outstanding amounts.

*Response:*

As noted in Finding #15, OCPL has made and continues to make numerous attempts to procure an invoice from Verizon for Oct – Dec 2005 as well as January 2007. It was only with great effort that we were able to receive billing for 2006 so we could claim E-Rate reimbursement, and as previously noted, are still attempting to get our 2005 and January 2007 bills.

OCPL is the "billed entity" on our E-Rate applications – if we pay IT interdepartmentally, we may lose E-Rate eligibility.

Re: creating a payable on FAMIS for the 2005 and 2007 outstanding amounts: noted. We have already accrued \$6,804 in the course of 2007 year-end processing to provide for paying the January 2007 bill when we receive it.

24. Finding indicates a number of aged encumbrances and recommends that they be reviewed to determined if they can be cancelled.

*Response:* noted. Business office staff have been reviewing aged encumbrances since October 2007. This is a time-consuming process, and the information provided in the audit is not sufficient to easily identify the specific encumbrances referred to; however, staff will continue to seek out and act upon outstanding encumbrances. Because this is a labor-intensive process, we estimate it will be completed by March 31, 2008. Business office staff have implemented a procedure for reviewing all outstanding encumbrances at year end for appropriate action.

25. Audit report presents a chart of State/Federal grants, by year from 2000-2007, and their available balances as of 10/21/07. It also provides a similar chart for grants not funded by State/Federal sources. The State/Federal grants chart shows a total of 42 grants with a cumulative available balance of \$274,474; the non-State/Federal grants chart shows a total of 20 grants with a cumulative available balance of \$37,105. The finding recommends that the funds be reviewed to determine if unexpended funds can be expended, and for a monthly status report to be reviewed by the Library Director.

*Response:* to put this finding into context, additional information is useful:

State/Federal Grants

- the grants reported totaled \$2,330,805
- an additional \$1,162,254 in fully expended grants were not reported
- a total of 66 State/Federal grants totaling \$3,493,059 were received during 2000-2007
- the cumulative unexpended balance currently stands at \$199,238, rather than the \$274,474 reported
- \$199,238 unexpended balance represents 5.7% of total received
- of the \$199,238 unexpended, nearly \$115,000 is attributable to 2007. Of that,
  - \$40,425 was received in June, and is for construction work that had to be publicly bid after bid documents were prepared, with construction beginning in early 2008
  - \$21,227 is set aside to fund a reconfiguration of the Central Library's Level 3 public service area
  - \$33,616 is for a two-year grant that was received in the second half of the year
- the remaining \$84,754 unexpended balance for 2000-2006 grants represents 2.8% of the total \$2,974,563 in grants procured for that timeframe. Of that,
  - \$40,054 is set aside to fund the Level 3 reconfiguration

Non-State/Federal Grants

- the grants reported totaled \$954,275
- an additional \$276,5514 in fully expended grants were not reported
- a total of 37 non-State/Federal grants totaling \$1,230,826 were received during 2000-2007
- the cumulative unexpended balance currently stands at \$19,170, rather than the \$37,105 reported
- \$19,370 unexpended balance represents 1.6% of total received

OCPL has been focused since mid-2006 on spending down and closing out old grants, with particular effort in the last two quarters of 2007, as evidenced by the difference between the amounts reported as unexpended as of 10/21/07 and the current unexpended balances.

The Executive Director receives and reviews a monthly report on the status of the Central Library, Branch Libraries and OCPL grants budget.

26. Finding recommends that library grants with zero available balances be closed on FAMIS.

*Response:* noted; will be completed by March 7, 2008.

27. Audit recommends that all year-end entries be done before grant accrual/deferrals to ensure accurate accounting records.

*Response:* noted. Grant accruals/deferrals were performed for the first time in 2006.

28. Finding recommends that local history items be appraised, and that OCPL continue to move the contents of the LH department to a protected area until the roof is permanently fixed.

*Response:* noted, with the note that appraisal is likely to be costly and is not included in our 2008 budget. OCPL has and will continue to move items as deemed necessary to protect them.

29. Finding recommends that OCPL obtain a contract between the City and the County in accordance with OC Legislative Resolution 269 of 1999.

*Response:* noted; this presumably must be negotiated by the Board of Trustees in conjunction with the County Executive's office and drawn up by the County Attorney's office.

30. Finding for Branch libraries fines and fees is similar to item # 6 relating to the Central Library's fines and fees, and recommends that OCPL continue to weigh the cost versus value of contracting with the collection agency.

*Response:* as with the Central Library, the 2006 Branches budget was prepared in 2005, before the commencement of the collection agency; and we'd had no experience with it at that point. Revenue estimates were increased for 2006 based on the vendor's experience with other clients.

Also, the finding doesn't take into account the value of the materials returned because of collection activity. OCPL's experience with the process has shown that the return on investment shows up more in the value of the materials returned than in the cash paid in fines. The value of materials returned in 2006 due to the collection agency was \$16,612 – when added to cash returned due to collection activity, it brings ROI to nearly 3:1.

OCPL does and will continue to evaluate the cost/benefit of retaining the collection agency.

31. Recommended that OCPL budget for polling place revenues, which ranged from \$100 - \$400 annually for the years 2004 – 2006.

*Response:* noted.

32. Finding notes the Branches supplies and materials budget line underspent in the years 2004 – 2006 and recommends future budgets be set based on past information.

*Response:* noted.

33. Audit notes that Branches books and materials budget underspent and recommends that the Administrator for Branch Libraries review FAMIS and OSA regularly to ascertain that the budget is being spent down, and that OCPL administration contact the Comptroller's office for assistance with FAMIS.

*Response:* refer to response for item 18.

34. Finding notes that Maintenance, Utilities and Rents account for Branches was underexpended for the years 2004 – 2006, recommends that future budgets be reasonably set based on past performance, and recommends that Library administration continue to review the budget on a monthly basis.

*Response:* as noted in the finding, the excess funding was for anticipated MetroNet telecommunications charges, which were more properly budgeted in the

System/Central Library budget as a system expense. The Director of Administrative Services prepares a monthly budget status report for the Executive Director and Board of Trustees.