

**TOMPKINS COUNTY PUBLIC LIBRARY**

**Ithaca, New York**

**FINANCIAL REPORT**

**December 31, 2009 and 2008**

TOMPKINS COUNTY PUBLIC LIBRARY  
FOR THE YEARS ENDED 2009 and 2008

Independent Auditor's Report .....	1-1a
Required Supplementary Information	
Management's Discussion and Analysis .....	2-2g
Basic Financial Statements	
Governmental Fund Balance Sheets/Statements of Net Assets .....	3-3a
Statements of Financial Position - Tompkins County Public Library Foundation, Inc. (Discretely Presented Component Unit) .....	4
Statements of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statements of Activities .....	5-5a
Statements of Activities - Tompkins County Public Library Foundation, Inc. (Discretely Presented Component Unit) .....	6-6a
Notes to Financial Statements .....	7-16
Required Supplementary Information	
Budgetary Comparison Statements for the General Fund .....	17-17a
Schedule of Funding Progress .....	18
Notes to Required Supplementary Information .....	19
Report Required Under Government Auditing Standards	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	20-21

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John H. Dietershagen, C.P.A.  
Jerry E. Mickelson, C.P.A.  
Thomas K. Van Derzee, C.P.A.  
Debbie Conley Jordan, C.P.A.  
Patrick S. Jordan, C.P.A.  
Duane R. Shoen, C.P.A.  
Lesley L. Horner, C.P.A.  
D. Leslie Spurgin, C.P.A.

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## Ciaschi • Dietershagen • Little • Mickelson & Company, LLP

*Certified Public Accountants and Consultants*

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Frederick J. Ciaschi, C.P.A.

### INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Tompkins County Public Library  
Ithaca, New York

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit and the general fund of Tompkins County Public Library (the Library), a component unit of the County of Tompkins as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit and the general fund of the Library, as of December 31, 2009 and 2008, and the respective changes in financial position, where applicable thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2010, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2 through 2g and 17 through 17a be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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#### CORTLAND

39 Church Street  
Cortland, New York 13045  
607-753-7439  
fax 607-753-7874

#### ITHACA

401 East State Street ~ Suite 500  
Ithaca, New York 14850  
607-272-4444  
fax 607-273-8372  
[www.cdlim.com](http://www.cdlim.com)

#### WATKINS GLEN

108 West Fourth Street  
Watkins Glen, New York 14891  
607-535-4443  
fax 607-535-6220

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming opinions on the financial statements taken as a whole. The required supplementary financial information listed on pages 17-19 is presented for purposes of additional analysis and is not a required part of the financial statements of Tompkins County Public Library. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Linchi, Dietershagen, Little, Minkler & Company, CP*

June 16, 2010  
Ithaca, New York

TOMPKINS COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

The following is a discussion and analysis of Tompkins County Public Library's (the Library) financial performance for the fiscal years ended December 31, 2009 and 2008. This section is a summary of the Library's financial activities based on currently known facts, decisions, or conditions. It is also based on both the Government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the two prior years, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the Library's financial statements, which immediately follow this section.

#### **COMPONENT UNIT**

During the year ended December 31, 2004, the Library implemented Governmental Accounting Standards Board (GASB) Statement No. 39, "Determining Whether Certain Organizations are Component Units." This statement amends GASB Statement No. 14, "The Financial Reporting Entity," to provide additional guidance to determine whether certain organizations for which the Library is not financially accountable should be reported as component units based on the significance of their relationship with the Library. The decision to include potential component units in the Library's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on these criteria, the Library includes one separate legal entity in its report - the Tompkins County Public Library Foundation, Inc. Although legally separate, this organization is reported as a discretely presented component unit. If you need information about the separately issued financial statements, contact the Tompkins County Public Library Foundation in Ithaca, New York.

#### **FINANCIAL HIGHLIGHTS**

- Expenses exceeded revenues in 2009 by \$568,963 compared to 2008, when expenses exceeded revenues by \$401,596. This is primarily the result of the requirement to record the GASB No. 45 Other Postemployment Benefit Expense and liability of \$885,003 and \$433,012 for 2009 and 2008, respectively.
- Net assets for the year ended December 31, 2009 were \$682,743 reflecting a decrease from net assets of \$1,251,706 at December 31, 2008, primarily due to the reporting requirements for other postemployment benefits liability. The Library's net assets for the year ended December 31, 2008 decreased \$401,596 from \$1,653,302 to \$1,251,706; primarily because 2008 was the first year the Library was required to record the GASB No.45 Other Post Employment Benefit liability.
- Total fund balance of \$725,574 in the General Fund showed an increase of \$90,149 in 2009, from \$635,425 in 2008, with a decrease of \$87,271 in 2008. Of the \$725,574, a total of \$17,511 is appropriated to support the 2009 budget, \$115,413 is reserved for retirement, and \$25,621 is reserved for equipment replacement, leaving a net unappropriated, unreserved balance of \$567,029 or approximately 16% of appropriations budgeted for 2010.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of two parts: MD&A (this section) and the basic financial statements and supplementary information. The basic financial statements present different views of the Library.

- The Statement of Net Assets and the Statement of Activities columns shown in the financial statements provide both short-term and long-term information about the Library's overall financial status.
- The Governmental Fund type columns are fund financial statements with a short-term, or current, focus. They do not contain balances of capital assets or long-term liabilities and report only transactions involving these long-term assets and liabilities that occurred during the reporting period.

TOMPKINS COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

The financial statements also include notes that explain some of the information in the statements and provide more detailed data, as well as budgetary comparison information for the General Fund.

Statement of Net Assets and Statement of Activities Columns

The Statement of Net Assets and Statement of Activities columns in the basic financial statements report information about the Library as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the Library's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

These two columns in the basic financial statements report the Library's net assets and how they have changed. Net assets - the difference between the Library's assets and liabilities - are one way to measure the Library's financial health or position. Over time, increases or decreases in the Library's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.

Governmental Fund Type Columns

The Governmental Fund type columns are accounting devices the Library uses to keep track of specific sources of funding and spending. The Library's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the Governmental Fund columns provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. Because this information does not encompass the additional long-term focus of the Statement of Net Assets and Statement of Activities columns, additional information in the notes to the financial statements explains the relationship (or differences) between them.

**FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE**

Our analysis below focuses on the net assets (*Figure 1*) and changes in net assets (*Figure 2*) of the Library's Governmental Activities.

*Figure 1*

<b>Condensed Statement of Net Assets</b>	<b>Governmental Activities and Total Library</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
<i>Current assets</i>	\$ 849,321	\$ 831,071	\$ 842,453
<i>Capital assets, net</i>	1,034,721	1,158,726	960,971
<b>Total Assets</b>	<b>1,884,042</b>	<b>1,989,797</b>	<b>1,803,424</b>
<i>Current liabilities</i>	126,625	195,646	116,879
<i>Noncurrent liabilities</i>	104,115	542,445	1,003,802
<b>Total Liabilities</b>	<b>230,740</b>	<b>738,091</b>	<b>1,120,681</b>
<i>Invested in capital assets, net of debt</i>	1,034,721	1,158,726	960,971
<i>Unrestricted net assets</i>	618,581	92,980	(278,228)
<b>Total Net Assets</b>	<b>\$ 1,653,302</b>	<b>\$ 1,251,706</b>	<b>\$ 682,743</b>

TOMPKINS COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

Net capital assets and invested in capital assets, net of related debt, decreased in 2009 because depreciation expense exceeded capital outlay during 2009. The net effect of the Library's activities resulted in decreases in unrestricted net assets of \$525,601 and \$371,208 at December 31, 2008 and 2009, respectively. These decreases in unrestricted net assets were primarily the result of the GASB No. 45 requirement to record other postemployment benefits. This is also the cause of the deficit of unrestricted net assets of \$(278,228). Because there is no mechanism for New York State governments to fund this liability, the deficit in unrestricted net assets is expected to continue in the immediate future.

Our analysis in *Figure 2* considers the operations of the Library's activities.

*Figure 2*

<b>Changes in Net Assets</b>	<b>Governmental Activities and Total Library</b>		
	<b>2007</b>	<b>2008</b>	<b>2009</b>
<i>Revenues:</i>			
<i>State sources</i>	\$ 40,771	\$ 72,059	\$ 24,329
<i>The County of Tompkins support</i>	2,603,422	2,616,056	2,700,789
<i>City of Ithaca support</i>	11,654	12,846	13,735
<i>Town of Ithaca</i>	-0-	-0-	20,000
<i>CLD grant</i>	105,000	102,900	94,881
<i>Friends of the Library</i>	270,000	280,000	269,200
<i>Library Foundation</i>	150,512	129,477	142,720
<i>Library charges</i>	113,506	115,528	116,072
<i>Other revenue</i>	76,914	307,564	120,022
<b>Total Revenues</b>	<b>3,371,779</b>	<b>3,636,430</b>	<b>3,501,748</b>
<i>Expenses:</i>			
<i>Personnel expenses</i>	2,234,820	2,969,423	2,979,343
<i>Insurance, repairs and maintenance</i>	37,399	62,192	37,373
<i>Supplies and materials</i>	61,187	91,615	71,008
<i>Telephone, postage and printing</i>	35,408	53,641	53,528
<i>Finger Lakes Library System services</i>	57,800	57,800	59,176
<i>Professional dues and fees</i>	199,491	204,838	178,841
<i>Depreciation</i>	441,431	355,161	574,792
<i>Other expenses</i>	12,559	243,356	116,650
<b>Total Expenses</b>	<b>3,080,095</b>	<b>4,038,026</b>	<b>4,070,711</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ 291,684</b>	<b>\$ (401,596)</b>	<b>\$ (568,963)</b>

Total revenues for the Library's Governmental Activities decreased in 2009 by \$134,682, or 3.7%, while total expenses increased \$32,685 or 0.8%. The decrease in other revenues and other expenditures was primarily the result of the receipt of a large portion of an unanticipated bequest in 2008, which was passed through to the Library Foundation, creating off-setting increases in those two categories. The final portion of the bequest received during 2009 was smaller than that received in 2008, causing the decrease in other revenues and expenditures. Expenditures increased primarily due to an increase in depreciation expense, offset by decreases in repairs and maintenance, supplies, professional fees and other expenses.

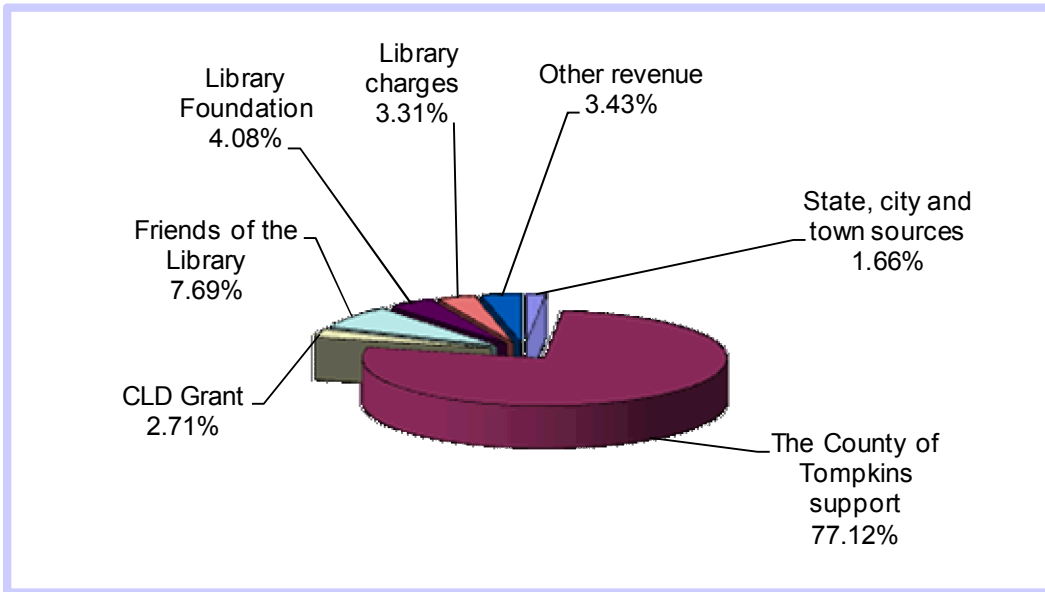
In 2008, total revenues increased by \$264,651, or 7.8%, while total expenses increased \$957,931 or 31.1%. The increase in revenues was primarily the result of an unanticipated bequest. The increase in expenses was due to settlement of labor contracts after three years of negotiation, resulting in retroactive payment of wages, as well as the first time requirement to record other postemployment benefits.

TOMPKINS COUNTY PUBLIC LIBRARY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

Figures 3, 4 and 5 present the sources of revenue for 2009, 2008 and 2007.

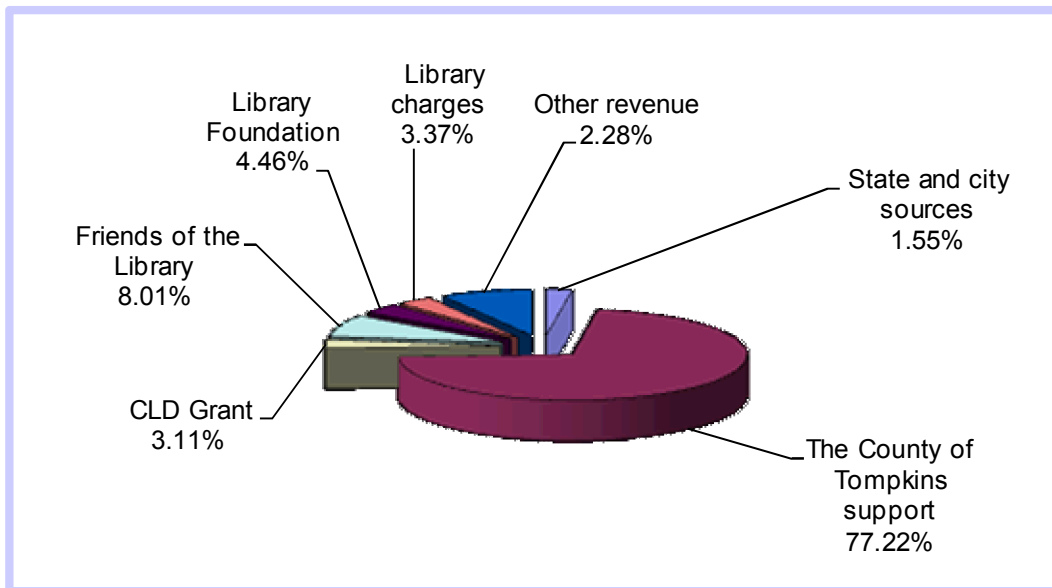
*Figure 3*

**Sources of Revenue for 2009**



*Figure 4*

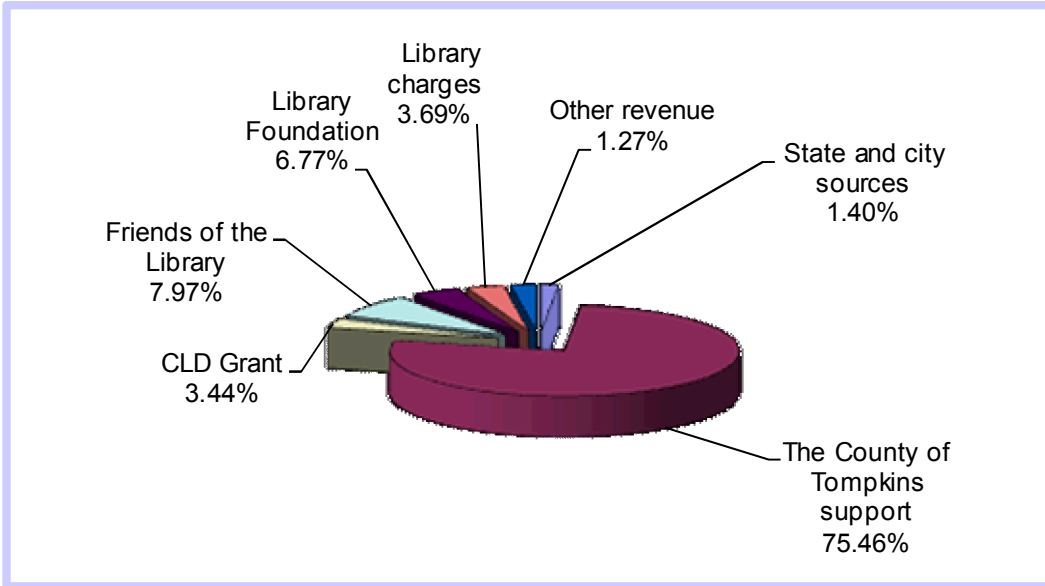
**Sources of Revenue for 2008**





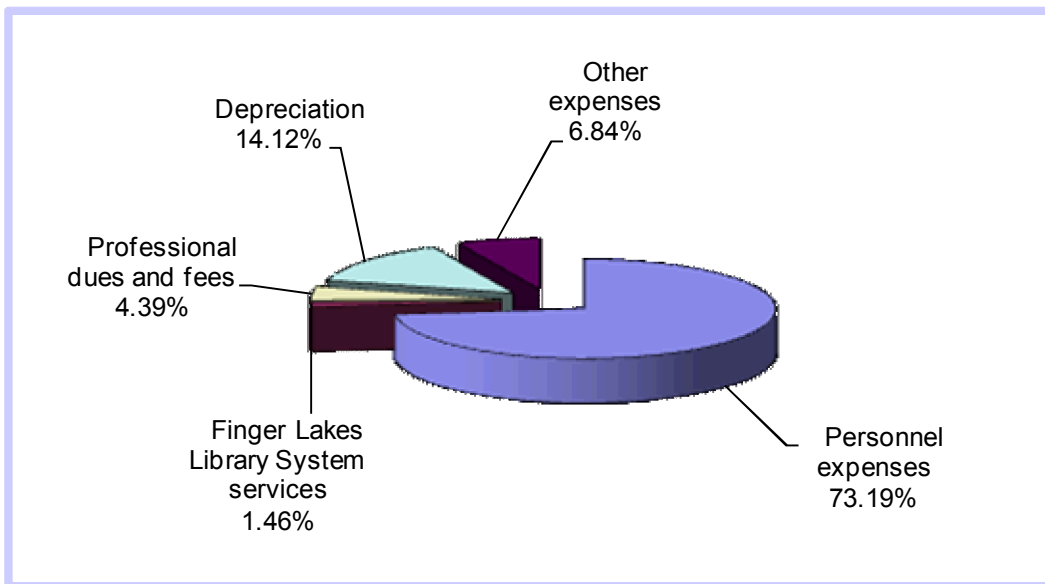
TOMPKINS COUNTY PUBLIC LIBRARY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

*Figure 5*  
**Sources of Revenue for 2007**



Figures 6, 7 and 8 present the expenses of the Library for the years ended December 31, 2009, 2008 and 2007.

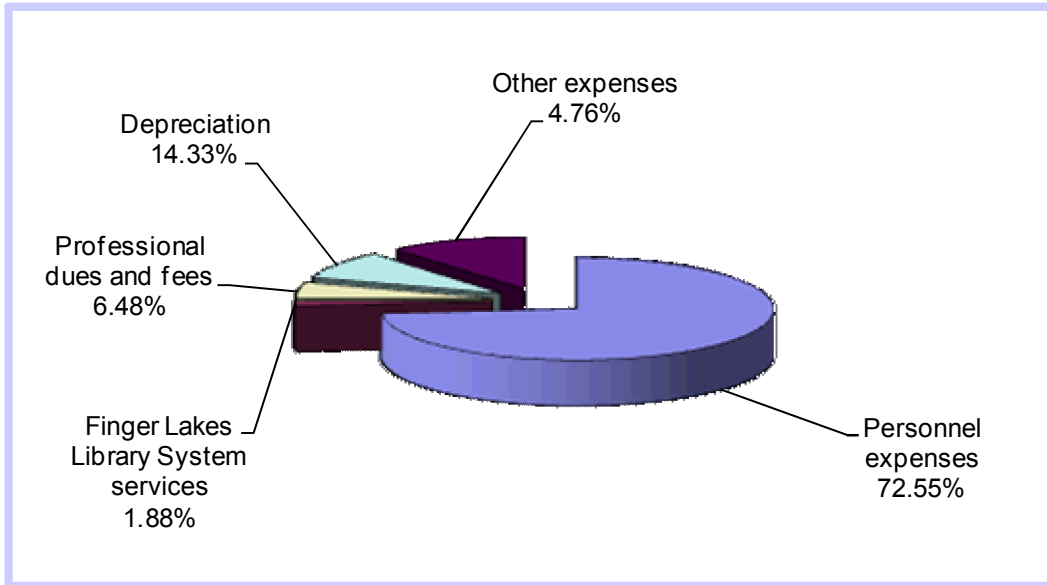
*Figure 6*  
**Expenses 2009**



TOMPKINS COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

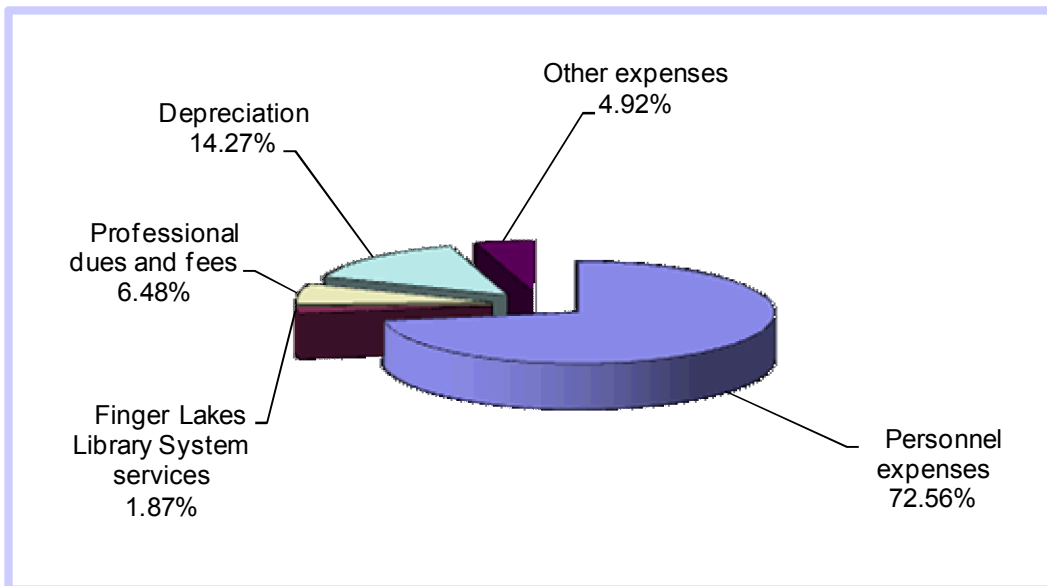
*Figure 7*

**Expenses 2008**



*Figure 8*

**Expenses 2007**



TOMPKINS COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

**FINANCIAL ANALYSIS OF THE LIBRARY'S GENERAL FUND**

As the Library completed the year ended December 31, 2009, the General Fund reported a combined fund balance of \$725,574, which is higher than last year's total of \$635,425. Unreserved, unappropriated fund balance was \$567,029 at year end, which is 16% of the operating expenditures budgeted for 2010. In 2010, this slightly above the range of the 5 to 15% the Government Finance Officer's Association recommends for general-purpose governments, which management believes is appropriate for the Library as well. Unreserved, unappropriated fund balance at December 31, 2008 was \$513,681, which was 13% of the 2009 budgeted operating expenditures. The increase in the unreserved, unappropriated fund balance compared to 2008 is a result of retroactive pay in made in 2008, as the result of a labor settlement. The amount designated for the subsequent year's expenditures was \$17,511 in 2009, as compared to \$36,705 in 2008. The Library's 2008 General Fund combined fund balance decreased \$87,271 from \$722,696 to \$635,425.

**CAPITAL ASSET ADMINISTRATION**

Capital Assets

At the end of December 31, 2009, the Library had invested in various types of equipment and machinery. *Figure 9* shows the amount invested in capital assets net of accumulated depreciation and shows a net decrease of \$197,755, or 17.0%, while in 2008 there was an increase of \$124,005, or 12.0%. There were additions of \$80,521 and \$151,090 in equipment and \$296,516 and \$348,931 in the collection for the years ended 2009 and 2008, respectively. There were retirements of \$149,630 and \$143,466 in the collection and \$105,077 and \$-0- retirements of equipment during 2009 and 2008. It should be noted that during 2007 a complete physical inventory was taken and equipment was reclassified during both 2007 and 2008 to reflect the inventory results.

*Figure 9*

<i>Changes in Net Capital Assets</i>	<i>Governmental Activities and Total Library</i>		
	<i>Restated 2007</i>	<i>2008</i>	<i>2009</i>
<i>Equipment</i>	\$ 392,108	\$ 473,798	\$ 293,421
<i>Collection</i>	642,613	684,928	667,550
<b><i>Total</i></b>	<b>\$ 1,034,721</b>	<b>\$ 1,158,726</b>	<b>\$ 960,971</b>

**FACTORS BEARING ON THE LIBRARY'S FUTURE**

- The Library continues to experience state aid decreases, primarily a decrease of at least 10% in 2010. Additional decreases are anticipated in 2011. This will affect general operating aid and impair services provided to the members of the Finger Lakes Library System.
- The Library has experienced significant decreases in interest revenue due to market conditions. The Library anticipates reducing the fund balance in 2011 to balance the budget which will further decrease interest revenue due to lower cash balances available for interest earning.
- While early 2010 indicators show some improvement in sales tax revenue, future revenue is uncertain and the Library is preparing for levels of decreased funding, which will affect general operating aid.

TOMPKINS COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

- The Library continues to rely heavily on income from the Friends of the Library, derived from their two annual book sales, to support a majority of Library collection and collection related expenses. Private support from donors, foundations and grants channeled through the Tompkins County Public Library Foundation are not expected to match 2009 levels. This will affect general operating aid as well as reduce the number of special programmatic initiatives which are carried out with Foundation funds.
- County funding for the Library is expected to further decrease in 2011, which may result in reduced services to customers, and possible employee lay-offs. The Library will carefully monitor the level of local public funding as the state maintenance of effort standards may be violated which may trigger an additional 25% state funding reduction.
- New York State pension liability is expected to increase as much as 40% in 2011. Health insurance costs are also expected to escalate substantially with new legal requirements and possible ramifications from the creation of a County consortium. Unemployment costs may become a substantial factor if employee lay-offs are needed.
- Three year collective bargaining agreements are in place through December 31, 2011 with the Professional Staff Association and the Support Staff Association, both represented by the UAW Local 2300.

**CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Library's citizens, customers, investors, and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the Business Office, Tompkins County Public Library, at 101 East Green Street, Ithaca, NY 14850.

TOMPKINS COUNTY PUBLIC LIBRARY  
GOVERNMENTAL FUND BALANCE SHEETS/STATEMENTS OF NET ASSETS  
DECEMBER 31,

	2009		
	General Fund	Adjustments	Statement of Net Assets
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and cash equivalents	\$ 562,252	\$	\$ 562,252
Accounts receivable	280,201		280,201
Total Current Assets	842,453	-0-	842,453
Capital assets, net of accumulated depreciation of \$5,468,786 in 2009 and \$5,148,701 in 2008		960,971	960,971
Total Assets	842,453	960,971	1,803,424
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Accounts payable	88,887		88,887
Accrued liabilities	27,992		27,992
Total Current Liabilities	116,879	-0-	116,879
Compensated absences		118,799	118,799
Other postemployment benefits liability		885,003	885,003
Total Liabilities	116,879	1,003,802	1,120,681
<b><u>FUND BALANCE/NET ASSETS</u></b>			
Fund Balances:			
Reserved for:			
Retirement	115,413	(115,413)	-0-
Equipment	25,621	(25,621)	-0-
Total Reserved	141,034	(141,034)	-0-
Unreserved:			
Appropriated - Ensuing year's budget	17,511	(17,511)	-0-
Unappropriated	567,029	(567,029)	-0-
Total Unreserved	584,540	(584,540)	-0-
Total Fund Balance	725,574	(725,574)	-0-
Total Liabilities and Fund Balance	\$ 842,453		
Net Assets:			
Invested in capital assets, net of related debt		960,971	960,971
Unrestricted		(278,228)	(278,228)
Total Net Assets		\$ 682,743	\$ 682,743

See Independent Auditor's Report and Notes to Financial Statements

2008

General Fund	Adjustments	Statement of Net Assets
\$ 608,640	\$	\$ 608,640
<u>222,431</u>		<u>222,431</u>
831,071	-0-	831,071
	<u>1,158,726</u>	<u>1,158,726</u>
<u>831,071</u>	<u>1,158,726</u>	<u>1,989,797</u>
102,915		102,915
<u>92,731</u>		<u>92,731</u>
195,646	-0-	195,646
	109,433	109,433
<u>-0-</u>	<u>433,012</u>	<u>433,012</u>
<u>195,646</u>	<u>542,445</u>	<u>738,091</u>
59,913	(59,913)	-0-
<u>25,126</u>	<u>(25,126)</u>	<u>-0-</u>
85,039	(85,039)	-0-
36,705	(36,705)	-0-
<u>513,681</u>	<u>(513,681)</u>	<u>-0-</u>
550,386	(550,386)	-0-
<u>635,425</u>	<u>(635,425)</u>	<u>-0-</u>
\$ <u><u>831,071</u></u>		
	<u>1,158,726</u>	<u>1,158,726</u>
	<u>92,980</u>	<u>92,980</u>
	\$ <u><u>1,251,706</u></u>	\$ <u><u>1,251,706</u></u>

TOMPKINS COUNTY PUBLIC LIBRARY  
TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.  
(DISCRETELY PRESENTED COMPONENT UNIT)  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31,

**ASSETS**

	<u>2009</u>	<u>2008</u>
Current Assets:		
Cash and cash equivalents	\$ 305,045	\$ 369,109
Accounts receivable	20,084	57,144
Unconditional promises to give	<u>54,286</u>	<u>53,883</u>
Total Current Assets	<u>379,415</u>	<u>480,136</u>
Long-term investments	1,311,335	730,098
Long-term unconditional promises to give, net	62,984	86,873
Equipment, net of accumulated depreciation of \$12,802 in 2009 and \$11,889 in 2008	<u>950</u>	<u>877</u>
Total Assets	<u>\$ 1,754,684</u>	<u>\$ 1,297,984</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accounts payable - Tompkins County Public Library	\$ 272,197	\$ 204,490
Accounts payable and accrued liabilities	<u>7,689</u>	<u>4,364</u>
Total Current Liabilities	<u>279,886</u>	<u>208,854</u>
Net Assets:		
Unrestricted:		
Board designated	776,757	651,156
Undesignated	<u>71,551</u>	<u>(207,821)</u>
Total Unrestricted	848,308	443,335
Temporarily restricted	142,910	165,510
Permanently restricted	<u>483,580</u>	<u>480,285</u>
Total Net Assets	<u>1,474,798</u>	<u>1,089,130</u>
Total Liabilities and Net Assets	<u>\$ 1,754,684</u>	<u>\$ 1,297,984</u>

See Independent Auditor's Report and Notes to Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY  
STATEMENTS OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES/STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31,

	2009		
	General Fund	Adjustments	Statement of Activities
Revenues:			
State sources	\$ 24,329	\$	\$ 24,329
County of Tompkins	2,700,789		2,700,789
City of Ithaca	13,735		13,735
Town of Ithaca	20,000		20,000
CLD grant	94,881		94,881
Friends of TCPL	269,200		269,200
TCPL Foundation	142,720		142,720
Gifts and donations		2,400	2,400
Library charges	116,072		116,072
Use of money and property	6,424		6,424
Other revenue	111,198		111,198
<b>Total Revenues</b>	<b>3,499,348</b>	<b>2,400</b>	<b>3,501,748</b>
Expenditures:			
Salaries	1,817,937	9,366	1,827,303
Fringe benefits	309,267	451,991	761,258
Health insurance	390,782		390,782
Books	188,904	(188,904)	-0-
Periodicals	9,914		9,914
AV/CD ROM materials	105,212	(105,212)	-0-
Insurance	13,223		13,223
Repairs and maintenance	24,150		24,150
Supplies and materials	54,700		54,700
Telephone	13,837		13,837
Postage	4,231		4,231
Finger Lakes Library System services	59,176		59,176
Professional fees	177,831		177,831
Membership dues	1,010		1,010
Equipment	86,915	(80,521)	6,394
Staff development	5,352		5,352
Publicity and printing	35,460		35,460
Depreciation		574,792	574,792
Miscellaneous/Holliday bequest contingency	111,298		111,298
<b>Total Expenditures</b>	<b>3,409,199</b>	<b>661,512</b>	<b>4,070,711</b>
<b>Excess of Revenues Over (Expenditures)</b>	<b>90,149</b>	<b>(659,112)</b>	<b>(568,963)</b>
Fund Balance/Net Assets			
January 1,	635,425	616,281	1,251,706
December 31,	\$ 725,574	\$ (42,831)	\$ 682,743

See Independent Auditor's Report and Notes to Financial Statements



2008

General Fund	Adjustments	Statement of Activities
\$ 72,059	\$	\$ 72,059
2,616,056		2,616,056
12,846		12,846
		-0-
102,900		102,900
280,000		280,000
129,477		129,477
	2,400	2,400
115,528		115,528
21,701		21,701
283,463		283,463
3,634,030	2,400	3,636,430
1,846,314	5,318	1,851,632
293,386	433,012	726,398
391,393		391,393
228,374	(228,374)	-0-
10,181		10,181
118,157	(118,157)	-0-
12,838		12,838
49,354		49,354
61,036		61,036
14,007		14,007
6,345		6,345
57,800		57,800
202,580		202,580
2,258		2,258
150,633	(130,235)	20,398
11,749		11,749
33,289		33,289
	355,161	355,161
231,607		231,607
3,721,301	316,725	4,038,026
(87,271)	(314,325)	(401,596)
722,696	930,606	1,653,302
\$ 635,425	\$ 616,281	\$ 1,251,706

TOMPKINS COUNTY PUBLIC LIBRARY  
TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.  
(DISCRETELY PRESENTED COMPONENT UNIT)  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31,

	2009			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Support:				
Contributions	\$ 324,742	\$	\$ 3,295	\$ 328,037
Grants/Other	7,343			7,343
Revenues:				
Interest income	97			97
Dividend income		15,704		15,704
Capital gain dividends	218			218
(Loss) on sale of investments	(49,825)			(49,825)
Unrealized (loss) on fair value of investments	349,757			349,757
Net assets reclassified due to investment (losses)	(9,819)	9,819		-0-
In-kind contributions	8,411			8,411
Net assets released from restrictions	48,121	(48,121)		-0-
Total Support and Revenues	<u>679,045</u>	<u>(22,598)</u>	<u>3,295</u>	<u>659,742</u>
Expenses:				
Program services	158,881			158,881
Management and general	51,666	2		51,668
Fundraising	63,525			63,525
Total Expenses	<u>274,072</u>	<u>2</u>	<u>-0-</u>	<u>274,074</u>
CHANGE IN NET ASSETS	404,973	(22,600)	3,295	385,668
Net Assets, January 1,	<u>443,335</u>	<u>165,510</u>	<u>480,285</u>	<u>1,089,130</u>
Net Assets, December 31,	<u>\$ 848,308</u>	<u>\$ 142,910</u>	<u>\$ 483,580</u>	<u>\$ 1,474,798</u>

See Independent Auditor's Report and Notes to Financial Statements

2008

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 335,776	\$ 107,551	\$ 64,141	\$ 507,468
1,159			1,159
178			178
	21,485		21,485
6,460			6,460
(5,022)			(5,022)
(388,367)			(388,367)
(2,253)	2,253		-0-
3,010			3,010
<u>171,445</u>	<u>(171,445)</u>		<u>-0-</u>
<u>122,386</u>	<u>(40,156)</u>	<u>64,141</u>	<u>146,371</u>
143,942			143,942
46,339	11,367		57,706
<u>59,336</u>			<u>59,336</u>
<u>249,617</u>	<u>11,367</u>	<u>-0-</u>	<u>260,984</u>
(127,231)	(51,523)	64,141	(114,613)
<u>570,566</u>	<u>217,033</u>	<u>416,144</u>	<u>1,203,743</u>
<u>\$ 443,335</u>	<u>\$ 165,510</u>	<u>\$ 480,285</u>	<u>\$ 1,089,130</u>

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of Tompkins County Public Library (the Library) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Library's accounting policies are described below.

A. Reporting Entity

The Library is a component unit of the County of Tompkins. The Library was established in 1968 by the County of Tompkins Board of Supervisors and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The County of Tompkins Legislature appoints trustees; raises taxes for Library purposes; has title to real property used by the Library; and issues all Library indebtedness, which is supported by the full faith and credit of the County of Tompkins.

The Library was established to provide public access to various published mediums, including books, periodicals, reference materials, and various audiovisual materials. The Library is a member of the Finger Lakes Library System, which provides a cooperative network of libraries through which library resources may be acquired and exchanged. The Library is chartered to serve the County of Tompkins and, as a Central Library, is partially funded by New York State to extend services to residents of Cayuga, Seneca, Cortland, and Tioga Counties.

Discretely Presented Component Units

GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units," as amended by GASB Statement No. 14, "The Financial Reporting Entity," provides additional guidance to determine whether certain organizations for which the Library is not financially accountable should be reported as component units based on the nature and significance of their relationship with the Library. The decision to include potential component units in the Library's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the applications of these criteria, the following is included as a discretely presented component unit.

Tompkins County Library Foundation, Inc.

The Tompkins County Library Foundation, Inc. (the Foundation) is a not-for-profit corporation established for the benefit of the Library. Its separately issued financial statements may be obtained from the Foundation in Ithaca, New York. Three of the nine to fifteen directors of the Board of Directors are nominated by the Library Board. The Foundation solicits, accepts, holds, invests, reinvests, and administers any gifts, grants, bequests, contributions, devices, benefits or trusts, endowments and property of any kind without limitation of amount or value. Approximately three-quarters of the Foundation's assets are currently invested in endowment funds. The Foundation makes payments to the Library as pledges and other revenue are collected, and after operating expenses of the Foundation are paid.

B. Basis of Presentation - Fund Accounting

The Library basic financial statements include columns for Governmental Fund types prepared on the modified accrual basis of accounting (Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balance), and columns for Governmental Activities prepared on the accrual basis of accounting (Statements of Net Assets and Statements of Activities).

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

The Statement of Net Assets and the Statement of Activities present summaries of activities for the Library. The focus of these columns is more on the sustainability of the Library as an entity and the change in the Library's net assets from the current year's activities.

Fund Accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

The Library records its transactions in the fund types described below:

Fund Categories

Governmental Fund Types - those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position. The following is the Library's Governmental Fund Type:

General Fund - Principal operating fund which includes all operations not required to be recorded in other funds.

C. Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

The Statement of Net Assets and the Statement of Activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Library gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Library considers all revenues reported in the Governmental Funds to be available if the revenues are collected within six months after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

D. Equity Classifications

1. Statement of Net Assets

- Invested in Capital Assets, Net of Related Debt

Consists of capital assets, including restricted capital assets and net of accumulated depreciation, which is reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

- **Restricted Net Assets**  
Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- **Unrestricted Net Assets**  
Consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

E. Vacation and Compensatory Absences

The Library employees are granted vacation and earn compensatory absences in varying amounts. Between two and four weeks of vacation time, depending upon length of employment, is earned by each full-time permanent and provisional employee. Benefits accrue upon commencement of employment. Upon termination of employment, employees are compensated for unused vacation time up to a maximum of two years. The value of these benefits is approximately \$118,799 and \$109,433 at December 31, 2009 and 2008, respectively.

F. Postemployment Benefits

In addition to providing pension benefits, the Library provides postemployment health insurance coverage to its retired employees in accordance with provisions governed by the County of Tompkins. Substantially all Library employees may become eligible for these benefits if they elect to continue coverage. The Library recognized its share of premiums for retirees as health insurance. During 2008 the Library adopted GASB Statement No. 45 "Accounting and Financial Reporting for Employers for Postretirement Benefits Other than Pensions." (See Note 2.B.2)

G. Capital Assets

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repair and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful life of the asset.

H. Accessions and Deaccessions

The Library's accessions consist of photographs, paintings, drawings, sculptures, prints, and memorabilia. As permitted by accounting principles generally accepted in the United States of America and in conformity with the practice followed by many museums and libraries, collections items purchased and donated are not capitalized in the accompanying Statements of Financial Position.

Gifts of collection items are not recognized as gift revenue in the accompanying Statements of Activities. During 2009 and 2008, proceeds from deaccessions were \$4,171 and \$-0-, respectively.

I. Revenue

The major source of funding for the Library is appropriations from the County of Tompkins government. The Library also receives contributions from the Foundation and the Friends of Tompkins County Public Library. The County appropriations are a significant portion of the Library's support, representing 77% of total revenue, with contributions from the Foundation and Friends of the Library representing 4% and 8%, respectively.

TOMPKINS COUNTY PUBLIC LIBRARY  
 NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

1. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the Library's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Note 2 - Detail Notes

A. Assets

1. Cash and Investments

The Library's investment policies are governed by state statutes. In addition, the Library follows its written investment policy. The Library's monies must be deposited in FDIC-insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral (security) is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance at 105%. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts as set forth in the investment policy.

The written investment policy requires repurchase agreements be purchased from banks located within the state and underlying securities be obligations of the federal government. Underlying securities must have a market value of at least the cost of the repurchase agreements.

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of three months or less.

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. While the Library does not have a specific policy for custodial credit risk, New York State statutes govern the Library's investment policies, as discussed previously in these notes. Governmental Accounting Standards Board Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name.

The Library's aggregate bank balances of \$560,226 are either insured or collateralized with securities held by the pledging financial institution in the Library's name.

2. Accounts Receivable

Accounts receivable consisted of the following at December 31,:

	<u>2009</u>	<u>2008</u>
Due from TCPL Foundation	\$ 272,197	\$ 204,490
Other	<u>8,004</u>	<u>17,941</u>
Total Accounts Receivable	<u>\$ 280,201</u>	<u>\$ 222,431</u>

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

No allowance for doubtful accounts is utilized because management believes receivables are fully collectible.

3. Capital Assets

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. The Library recognizes equipment purchases or acquisitions as follows:

<u>Category</u>	<u>Minimum Cost</u>	<u>Useful Life</u>
Shelving	\$ 500	10 years
Library and office furniture	1,000	10 years
Library equipment-including telephone, 3M, and microfilm reader printers	500	5 years
Computers-including servers, routers and laser printers	700	5 years
Collection	N/A	5 years

Changes in capital assets are as follows:

	2009			
	<u>Balance at 12/31/08</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 12/31/09</u>
Historical Cost:				
Equipment	\$ 1,319,753	\$ 80,521	\$ (105,077)	\$ 1,295,197
Collection	4,987,674	296,516	(149,630)	5,134,560
Total Historical Cost	<u>6,307,427</u>	<u>377,037</u>	<u>(254,707)</u>	<u>6,429,757</u>
Less Accumulated Depreciation:				
Equipment	845,955	260,898	(105,077)	1,001,776
Collection	4,302,746	313,894	(149,630)	4,467,010
Total Accumulated Depreciation	<u>5,148,701</u>	<u>574,792</u>	<u>(254,707)</u>	<u>5,468,786</u>
Total Capital Assets, Net	<u>\$ 1,158,726</u>	<u>\$ (197,755)</u>	<u>\$ -0-</u>	<u>\$ 960,971</u>

	2008			
	<u>Balance at 12/31/07</u>	<u>Additions</u>	<u>Reclass- ifications/ Retirements</u>	<u>Balance at 12/31/08</u>
Historical Cost:				
Equipment	\$ 1,249,596	\$ 151,090	\$ (80,933)	\$ 1,319,753
Collection	4,782,209	348,931	(143,466)	4,987,674
Total Historical Cost	<u>6,031,805</u>	<u>500,021</u>	<u>(224,399)</u>	<u>6,307,427</u>
Less Accumulated Depreciation:				
Equipment	857,488	129,140	(140,673)	845,955
Collection	4,139,596	306,616	(143,466)	4,302,746
Total Accumulated Depreciation	<u>4,997,084</u>	<u>435,756</u>	<u>(284,139)</u>	<u>5,148,701</u>
Total Capital Assets, Net	<u>\$ 1,034,721</u>	<u>\$ 64,265</u>	<u>\$ 59,740</u>	<u>\$ 1,158,726</u>



TOMPKINS COUNTY PUBLIC LIBRARY  
 NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

Depreciation on all capital assets is computed on the straight-line basis over the estimated useful lives of the assets. Depreciation expense amounted to \$574,792 and \$355,161 for the years ended December 31, 2009 and 2008, respectively.

During the year ended December 31, 2008 certain fully depreciated assets were reclassified in order to reflect the results of a complete physical inventory performed in 2007.

B. Liabilities

1. Compensated Absences

Compensated absences represent the value of the earned and unused portion of the liability for accrued vacation and compensatory time.

The following is a summary of changes in the Library's long-term obligation for compensated absences.

Balance 12/31/08	Additions	Payments	Balance 12/31/09
\$ <u>109,433</u>	\$ <u>9,366</u>	\$ <u>-0-</u>	\$ <u>118,799</u>

Payment of compensated absences is dependent upon future factors and therefore timing of such payments cannot be determined. Additions and payments are therefore shown net.

2. Other Postemployment Benefits

In 2008, the Library adopted Government Accounting Standards Board (GASB) Statement Number 45 "Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions." In the past, the Library reported the cost of retiree health care on a "pay-as-you-go" basis.

An actuarial valuation of the Library's Retiree Medical Plan (The Plan) was performed as of January 1, 2008 for the fiscal year ending December 31, 2008 by the County's contractor in conjunction with the overall evaluation for the County. An interim valuation for the fiscal year ending December 31, 2009 was also performed. The Library's actuarial evaluation is stated as a subcomponent of the total County liability. The Plan is a single-employer defined benefit Healthcare Plan administered by the County. The Plan provides medical, hospital, drug, and Part B Premium Reimbursements to eligible retirees and their spouses. The authority to establish and amend the Plan rests with the County subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The prescription co-payments and contribution requirements of Plan members and the Library are established and may be amended by the Library subject to applicable collective bargaining and employment agreements. The Library has negotiated collective bargaining agreements, which include obligations of Plan members and the Library. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2009, the Library contributed \$76,850 to the Plan for current premiums of 15 retirees, compared to \$66,146 in 2008. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit.

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

The Library's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years.

The following table shows the components of the Library's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Library's net OPEB obligation to the Library's Healthcare Plan:

Normal cost	\$	295,922
Amortization of UAAL		240,114
Total Annual Required Contribution		536,036
Interest on net OPEB obligation		17,320
Adjustment to annual required contribution		(24,515)
Annual OPEB Cost (Expense)		528,841
Contributions made on behalf of 15 employees		(76,850)
Increase in Net OPEB Obligation		451,991
 Net OPEB Obligation - January 1, 2009		 433,012
 Net OPEB Obligation - December 31, 2009	 \$	 885,003

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2008 and 2009 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/08	\$ 449,158	14.7%	\$ 433,012
12/31/09	528,841	14.5%	885,003

The year ended December 31, 2009 is the second year that the OPEB obligation has been actuarially determined.

As of December 31, 2009, the Plan was not funded. The actuarial accrued liability for benefits was \$4,078,023; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,817,937 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 204% percent.

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding funded status of the Plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

TOMPKINS COUNTY PUBLIC LIBRARY  
 NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of ten percent initially reduced by decrements to an ultimate rate of 5 percent after ten years. The rate included a four percent inflation assumption.

Note 3 - Pension Plans

A. General Information

Employees of the Library are employees of the County of Tompkins. The County of Tompkins participates in the New York State and Local Employees' Retirement System (ERS). This is a cost sharing multiple-employer retirement system which provides retirement benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of funds.

The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

B. Funding Policy

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary until such time as they have participated in the system for ten years. After ten years, employees are no longer required to contribute. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members which shall be used in computing the contributions required to be made by the employer to the Pension Accumulation Fund.

The County of Tompkins is required to contribute at an actuarially determined rate. The County's contributions made to the System were equal to 100% of the contributions required for each of the years. Contributions for certain employees of the Library were included in billings from the Employees Retirement System. The County is reimbursed annually for the cost attributable to such employees.

The Library's portion of contributions for the current year and two preceding years were:

	<u>ERS</u>
2009	\$ 127,711
2008	119,941
2007	135,185

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

Since 1989, the System's billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ended March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17 year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The County of Tompkins elected to make full payment on December 15, 1989.

On May 14, 2003, Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the Pension Fund on the prior April 1<sup>st</sup> (e.g. billings due February 2009 would be based on the pension value as of March 31, 2008).
- Allows one-time financing of State fiscal year 2004-2005 pension cost by permitting local governments to bond, over five years, any required contribution in excess of 7% of estimated salaries or to amortize required contributions in excess of 7% over a five year period. [Superseded by Chapter 260 of the Laws of 2004. See below.]

On July 30, 2004, Chapter 260 of the Laws of 2004 of the State of New York was enacted that allows local employers to bond or amortize a portion of their retirement bill for up to ten years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-05, the amount in excess of 7% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5% of employees' covered pensionable salaries.
- For SFY 2006-07, the amount in excess of 10.5% of employees' covered pensionable salaries.

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2007. The County has opted not to amortize.

Note 4 - Donated Services

The Library receives services from volunteers, but does not value, record, or report the value for such in the accompanying financial statements as they do not meet the requirements for reporting such services.

Note 5 - Related Parties

The Library received contributions of \$269,200 and \$280,000 from the Friends of the Tompkins County Public Library for the years ended December 31, 2009 and 2008, respectively.

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

Note 6 - Component Unit Transactions

The Library received contributions of \$142,720 and \$129,477 from the Foundation for the years ended December 31, 2009 and 2008, respectively.

The County of Tompkins contributed \$2,700,789 and \$2,616,056 to the Library for the years ended December 31, 2009 and 2008, respectively. Additionally for 2008 and 2007, respectively, the County provided \$485,234 and \$485,458 worth of debt service on the building occupied by the Library.

Note 7 - Deficit Unrestricted Net Assets

Unrestricted net assets in the Government-wide Statement of Net Assets shows a deficit balance of \$(278,228) for the year ended December 31, 2009. The deficit is due to the requirement to record other postemployment benefits expense and liability in the Government-wide statements. Currently there is no mechanism for governments in New York State to fund this liability. Therefore, the liability and the unrestricted net asset deficit are expected to continue for the immediate future.

TOMPKINS COUNTY PUBLIC LIBRARY  
 BUDGETARY COMPARISON SCHEDULES FOR THE GENERAL FUND  
 FOR THE YEARS ENDED DECEMBER 31,

	2009			Variance Fav.(Unfav.)
	Modified Budget	Actual	Encumbrances	
Revenue:				
State source	\$ 27,032	\$ 24,329	\$	\$ (2,703)
County of Tompkins	2,700,789	2,700,789		-0-
City of Ithaca	13,000	13,735		735
Town of Ithaca	20,000	20,000		-0-
CLD grant	94,881	94,881		-0-
Friends of TCPL	269,200	269,200		-0-
TCPL Foundation	142,720	142,720		-0-
Library charges	115,250	116,072		822
Use of money and property	15,000	6,424		(8,576)
Other revenues	106,739	111,198		4,459
<b>Total Revenue</b>	<b>3,504,611</b>	<b>3,499,348</b>	<b>-0-</b>	<b>(5,263)</b>
Expenditures:				
Salaries	1,845,942	1,817,937		28,005
Fringe benefits	342,724	309,267		33,457
Health insurance	392,399	390,782		1,617
Books	192,734	188,904		3,830
Periodicals	14,286	9,914		4,372
AV/CD ROM materials	107,072	105,212		1,860
Insurance	13,223	13,223		-0-
Repairs and maintenance	33,920	24,150		9,770
Supplies and materials	55,296	54,700		596
Telephone	14,160	13,837		323
Postage	7,000	4,231		2,769
Finger Lakes Library System services	59,634	59,176		458
Professional fees	211,958	177,831		34,127
Membership dues	2,000	1,010		990
Equipment	90,300	86,915		3,385
Staff development	5,357	5,352		5
Publicity and printing	49,142	35,460		13,682
Miscellaneous	131,273	111,298		19,975
<b>Total Expenditures</b>	<b>3,568,420</b>	<b>3,409,199</b>	<b>-0-</b>	<b>159,221</b>
<b>Excess of Revenues (Under) Over Expenditures</b>	<b>(63,809)</b>	<b>90,149</b>	<b>\$ -0-</b>	<b>\$ 153,958</b>
Appropriated Fund Balance	63,809			
<b>Net Change in Fund Balances</b>	<b>\$ -0-</b>			
Fund Balance, January 1,		635,425		
Fund Balance, December 31,		<b>\$ 725,574</b>		

See Independent Auditor's Report and Notes to Required Supplementary Information

2008

Modified Budget	Actual	Encumbrances	Variance Fav.(Unfav.)
\$ 72,915	\$ 72,059	\$	\$ (856)
2,616,056	2,616,056		-0-
12,000	12,846		846
			-0-
105,000	102,900		(2,100)
280,000	280,000		-0-
129,478	129,477		(1)
116,500	115,528		(972)
15,000	21,701		6,701
281,095	283,463		2,368
<u>3,628,044</u>	<u>3,634,030</u>	<u>-0-</u>	<u>5,986</u>
1,870,463	1,846,314		24,149
348,930	293,386		55,544
391,397	391,393		4
236,254	228,374		7,880
14,388	10,181		4,207
120,617	118,157		2,460
12,841	12,838		3
52,135	49,354		2,781
62,286	61,036		1,250
14,035	14,007		28
6,375	6,345		30
58,000	57,800		200
241,896	202,580		39,316
2,262	2,258		4
178,251	150,633		27,618
11,757	11,749		8
39,442	33,289		6,153
241,379	231,607		9,772
<u>3,902,708</u>	<u>3,721,301</u>	<u>-0-</u>	<u>181,407</u>
<u>(274,664)</u>	<u>(87,271)</u>	<u>\$ -0-</u>	<u>\$ 187,393</u>
<u>274,664</u>			
<u>\$ -0-</u>			
	<u>722,696</u>		
	<u>\$ 635,425</u>		

TOMPKINS COUNTY PUBLIC LIBRARY  
 SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Year Ended December 31,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2008	1/1/2008	\$ -0-	\$ 3,711,182	\$ 3,771,182	0.0%	\$ 1,846,314	201%
2009	1/1/2008	\$ -0-	\$ 4,078,023	\$ 4,078,023	0.0%	\$ 1,817,937	224%



TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2009

Note 1 - Budget Basis of Accounting

Except as indicated below, budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or an expenditure in GAAP based financial statements. Encumbrances reserve a portion of the applicable appropriation for purchase orders, contracts, and other commitments not expended at year end, thereby ensuing appropriations are not exceeded.

Note 2 Reconciliation of the Budget Basis to GAAP

No adjustment is necessary to convert the excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis as encumbrances are presented in a separate column and are not included in the actual results at December 31, 2009.

Note 3 - Schedule of Funding Progress

The Schedule of Funding Progress, presented as required supplementary information presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because this is the second year of implementation, only two years of information are presented for the year ending December 31, 2009.

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John H. Dietershagen, C.P.A.  
Jerry E. Mickelson, C.P.A.  
Thomas K. Van Derzee, C.P.A.  
Debbie Conley Jordan, C.P.A.  
Patrick S. Jordan, C.P.A.  
Duane R. Shoen, C.P.A.  
Lesley L. Horner, C.P.A.  
D. Leslie Spurgin, C.P.A.

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## Ciaschi • Dietershagen • Little • Mickelson & Company, LLP

*Certified Public Accountants and Consultants*

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Frederick J. Ciaschi, C.P.A.

### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees  
Tompkins County Public Library  
Ithaca, New York

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, and the general fund of Tompkins County Public Library (the Library), a component unit of the County of Tompkins as of and for the years December 31, 2009 and 2008, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 16, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Library's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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#### CORTLAND

39 Church Street  
Cortland, New York 13045  
607-753-7439  
fax 607-753-7874

#### ITHACA

401 East State Street ~ Suite 500  
Ithaca, New York 14850  
607-272-4444  
fax 607-273-8372  
[www.cdlim.com](http://www.cdlim.com)

#### WATKINS GLEN

108 West Fourth Street  
Watkins Glen, New York 14891  
607-535-4443  
fax 607-535-6220

We noted certain matters that we reported to management of the Library, in a separate letter dated June 16, 2010.

This report is intended solely for the information and use of the Board of Trustees, County of Tompkins, management, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

*Liachni, Dietershagen, Little, Minkler & Company LLP*

June 16, 2010  
Ithaca, New York