

TOMPKINS COUNTY PUBLIC LIBRARY

Ithaca, New York

Report on Audit of Financial Statements

December 31, 2005 and 2004

TOMPKINS COUNTY PUBLIC LIBRARY
FOR THE YEARS ENDED 2005 and 2004

| | |
|---|--------|
| Independent Auditor's Report | 1-1a |
| Required Supplementary Information | |
| Management's Discussion and Analysis..... | 2-2f |
| 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 Balances/Statements of Activities | 5-5a |
| Statements of Activities - Tompkins County Public Library Foundation, Inc. (Discretely Presented Component Unit) | 6-6a |
| Notes to Financial Statements | 7-12 |
| Supplementary Information | |
| Budgetary Comparison Statements for the General Fund..... | 13-13a |
| 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> | 14-15 |

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.



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

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.
John E. Little, 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 and fund of the Tompkins County Public Library, a component unit of the County of Tompkins, and the Library's discretely presented component unit, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Tompkins County Public Library's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and fund of the Tompkins County Public Library and its discretely presented component unit, as of December 31, 2005 and 2004, and the results of its operations for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Library adopted Governmental Accounting Standards Board (GASB) Statement No. 39, "Determining Whether Certain Organization's are Component Units," for the period ending December 31, 2004. The impact of this statement was to change the Library's reporting entity to include the Tompkins County Public Library Foundation, Inc. as a discretely presented component unit.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2006 on our consideration of the Tompkins County Public Library's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

WATKINS GLEN

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

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary financial information listed on pages 13 to 13a 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.

Risdon, Dieterhagen, Little, Muldoon & Company, LLP

March 24, 2006
Ithaca, New York

**TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004**

The following is a discussion and analysis of the Library's financial performance for the fiscal year ended December 31, 2005. 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 prior year, 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.

FINANCIAL HIGHLIGHTS

- Expenses exceeded revenues in 2005 by \$233,553 compared to 2004, when expenses exceeded revenues by \$348,601. This is primarily the result of increased salaries and benefits, staff development costs and professional services fees.
- Net assets for the year ended December 31, 2005 were \$908,743 reflecting a decrease from net assets of \$1,142,296 at December 31, 2004 for the reasons stated above. The Library's net assets for the year ended December 31, 2004 decreased \$348,601 from \$1,490,897 to \$1,142,296 primarily because of increased salaries and benefits.
- Total fund balance of \$295,267 in the General Fund showed a decrease of \$29,423 in 2005, from \$324,690 in 2004, and \$394,594 in 2003. Of the \$295,267, a total of \$118,213 is appropriated to support the 2006 budget and \$45,796 is reserved for equipment replacement, leaving a net unappropriated, unreserved balance of \$131,258.

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.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004

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 - is 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

| Condensed Statement of Net Assets | Governmental Activities and Total Library | | |
|--|--|---------------------|-------------------|
| | 2003 | 2004 | 2005 |
| <i>Current assets</i> | \$ 476,373 | \$ 429,263 | \$ 411,994 |
| <i>Capital assets, net</i> | 1,177,033 | 904,052 | 711,829 |
| Total assets | 1,653,406 | 1,333,315 | 1,123,823 |
| <i>Current liabilities</i> | 81,779 | 104,573 | 116,727 |
| <i>Noncurrent liabilities</i> | 80,730 | 86,446 | 98,353 |
| Total liabilities | 162,509 | 191,019 | 215,080 |
| <i>Invested in capital assets, net of debt</i> | 1,177,033 | 904,052 | 711,829 |
| <i>Restricted net assets</i> | -0- | -0- | 5,000 |
| <i>Unrestricted net assets</i> | 313,864 | 238,244 | 191,914 |
| Total net assets | \$ 1,490,897 | \$ 1,142,296 | \$ 908,743 |

The decrease in current assets in 2004 and 2005 is largely due to the payment of prior year liabilities and an increase in expenses greater than the increase in revenue. Net capital assets and invested in capital assets, net of related debt, decreased in 2004 and 2005 because depreciation expense exceeded the amount of capital outlay during 2004 and 2005. The net effect of the Library's activities resulted in a decrease in unrestricted net assets of \$75,620 at December 31, 2004 and \$46,330 at December 31, 2005.

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004

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

Figure 2

| Changes in Net Assets | Governmental Activities and Total Library | | |
|---|--|---------------------|---------------------|
| | 2003 | 2004 | 2005 |
| <i>Revenues:</i> | | | |
| <i>State sources</i> | \$ 30,770 | \$ 92,712 | \$ 49,670 |
| <i>Tompkins County support</i> | 1,887,499 | 1,967,499 | 2,169,999 |
| <i>City of Ithaca support</i> | 9,145 | 9,080 | 9,770 |
| <i>CLD grant</i> | 105,000 | 99,750 | 105,000 |
| <i>Friends of the Library</i> | 190,000 | 235,000 | 238,921 |
| <i>Library Foundation</i> | 168,321 | 158,818 | 206,212 |
| <i>Library charges</i> | 132,497 | 124,761 | 114,972 |
| <i>Other revenue</i> | 20,397 | 33,426 | 31,244 |
| Total revenues | 2,543,629 | 2,721,046 | 2,925,788 |
| <i>Expenses:</i> | | | |
| <i>Personnel expenses</i> | 1,925,587 | 2,157,055 | 2,224,787 |
| <i>Insurance, repairs and maintenance</i> | 36,858 | 44,931 | 48,813 |
| <i>Supplies and materials</i> | 41,912 | 51,824 | 53,295 |
| <i>Telephone, postage and printing</i> | 35,211 | 26,892 | 32,580 |
| <i>Finger Lakes Library System services</i> | 70,000 | 70,000 | 70,000 |
| <i>Professional dues and fees</i> | 165,803 | 164,406 | 173,601 |
| <i>Depreciation</i> | 529,030 | 543,164 | 531,865 |
| <i>Other expenses</i> | 15,228 | 11,375 | 24,400 |
| Total expenses | 2,819,629 | 3,069,647 | 3,159,341 |
| (DECREASE) IN NET ASSETS | \$ (276,000) | \$ (348,601) | \$ (233,553) |

Total revenues for the Library's Governmental Activities increased in 2005 by \$204,742, or 7.52%, while total expenses increased \$89,694 or 2.92%. The increases in revenues are primarily the result of an increase in funding from Tompkins County. The increase in expenditures was primarily due to increases in employee benefits, accompanied by increases in staff development costs and professional services fees.

In 2004, total revenues increased by \$177,417, or 6.97%, while total expenses increased \$250,018, or 8.87%. The increases in revenues were primarily the result of an increase in funding from Tompkins County, a new grant from New York State and an increase in donations from the Friends of the Library. The increase in expenditures was mostly due to increases in employee benefits.

TOMPKINS COUNTY PUBLIC LIBRARY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004

Figures 3 and 4 present the sources of revenues for 2005 and 2004.

Figure 3

Sources of Revenue for 2005

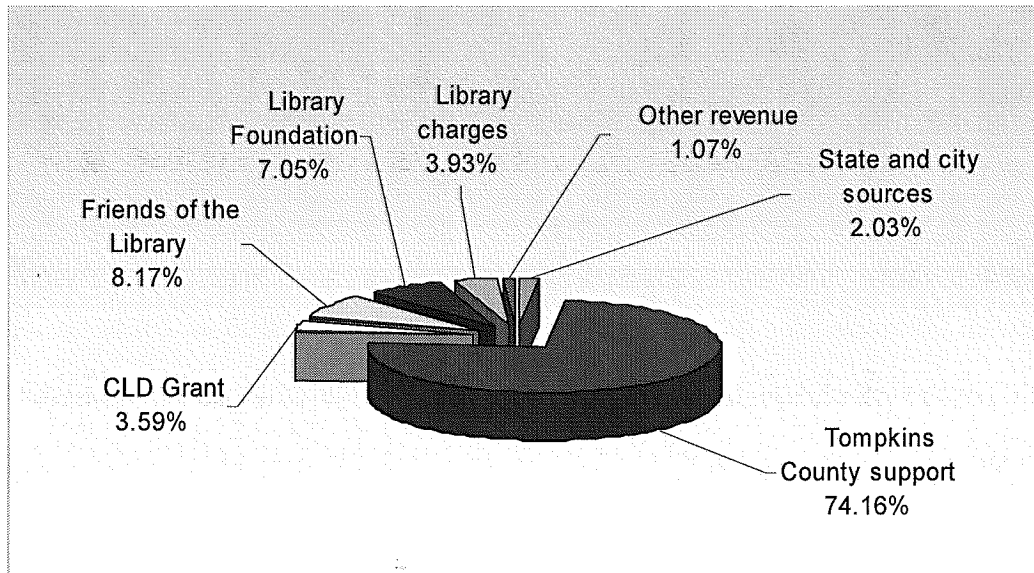
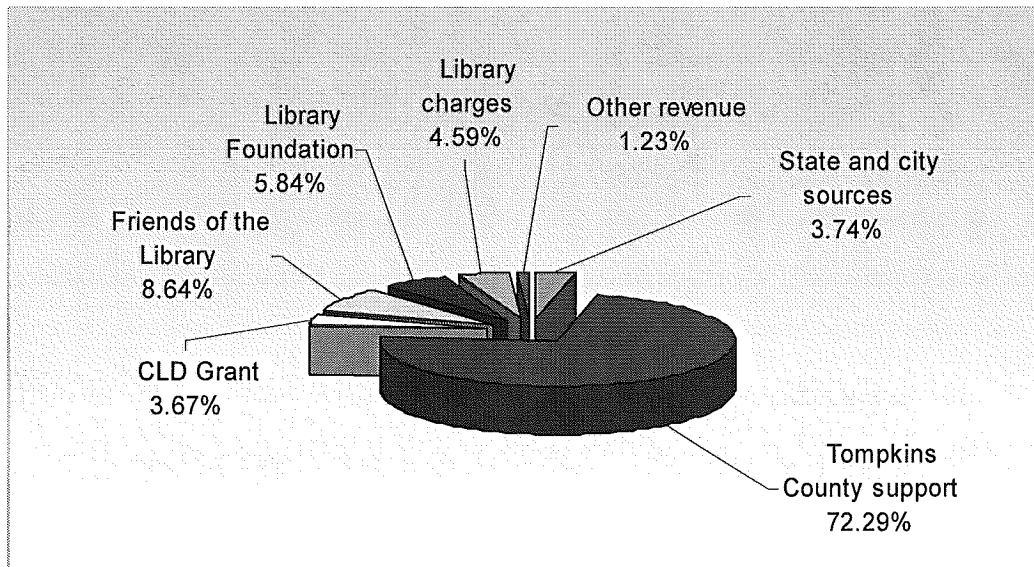


Figure 4

Sources of Revenue for 2004



TOMPKINS COUNTY PUBLIC LIBRARY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004

Figures 5 and 6 present the expenses of the Library for the years ended December 31, 2005 and 2004.

Figure 5
Expenses 2005

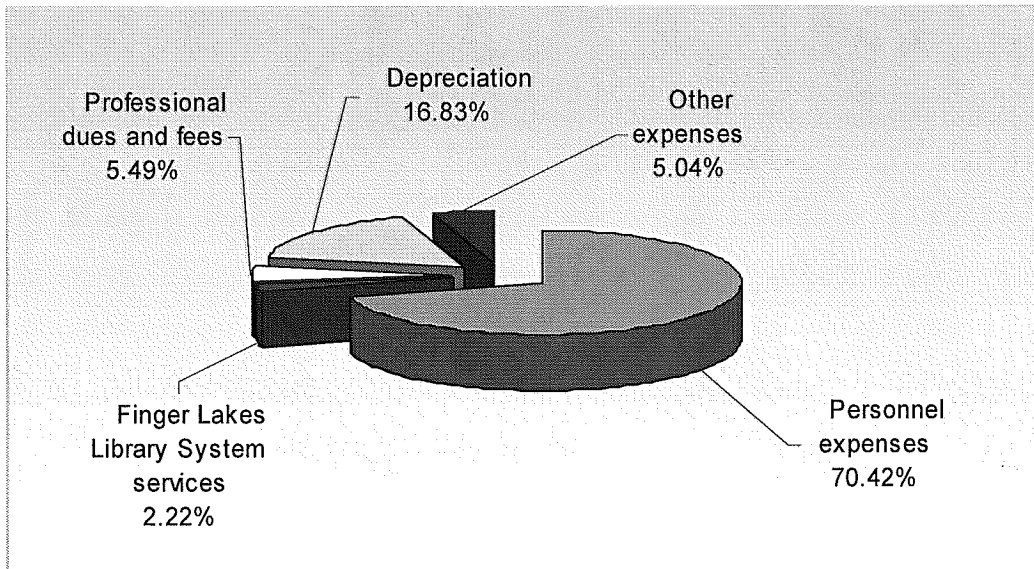
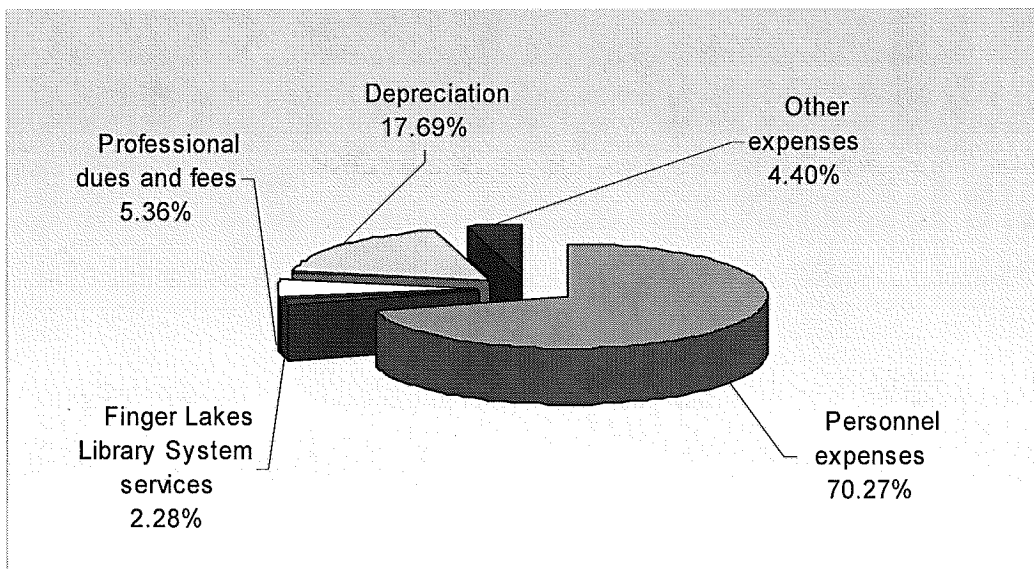


Figure 6
Expenses 2004



TOMPKINS COUNTY PUBLIC LIBRARY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004

FINANCIAL ANALYSIS OF THE LIBRARY'S GENERAL FUND

As the Library completed the year ended December 31, 2005, the General Fund reported a combined fund balance of \$295,267, which is below last year's total of \$324,690. Unreserved, unappropriated fund balance was \$131,258 at year end, which is 4.5% of the operating revenue budgeted for 2006. In 2005, this falls slightly below the minimum of 5 to 15% that the Government Finance Officer's Association recommends for general-purpose governments, which management believes is appropriate for the Library as well. The amount designated for the subsequent year's expenditures was \$118,213 in 2005, as compared to \$130,180 in 2004. The Library's 2004 General Fund combined fund balance decreased \$69,904 from \$394,594 to \$324,690. Unreserved unappropriated fund balance at December 31, 2004 was \$166,064, which was 5.7% of the 2005 budgeted operating revenue.

CAPITAL ASSET ADMINISTRATION

Capital Assets

At the end of December 31, 2005, the Library had invested in various types of equipment and machinery. *Figure 7* shows the amount invested in capital assets net of accumulated depreciation and shows a net decrease of \$272,981, or 23.2% in 2004 and \$192,223 or 21.3%, in 2005. There were additions of \$54,457 and \$76,386 in equipment and \$215,726 and \$263,256 in the collection for the years ended 2004 and 2005, respectively. There were retirements of \$128,523 and \$131,139 in the collection and no retirements of equipment during either year.

Figure 7

| Changes in Net Capital Assets | Governmental Activities and Total Library | | |
|--------------------------------------|--|-------------------|-------------------|
| | 2003 | 2004 | 2005 |
| <i>Equipment</i> | \$ 760,959 | \$ 607,000 | \$ 483,943 |
| <i>Collection</i> | 416,074 | 297,052 | 227,886 |
| Total | \$ 1,177,033 | \$ 904,052 | \$ 711,829 |

FACTORS BEARING ON THE LIBRARY'S FUTURE

- The Library does not anticipate any significant changes in state or local aid for the year ended December 31, 2006.
- The level of support from the Tompkins County Public Library Foundation, the Friends of the Library, and the Finger Lakes Library System for 2006 is expected to approximate 2005.
- In 2006, a referendum proposing an increase in support of \$0.5 million for library materials and hours was defeated by voters in the Ithaca City School District. As a result, the library expects to work very closely with the members of the county legislature to ensure stable and sufficient funding. A joint library committee with representatives of the county legislature expects to present a fuller financial picture to the county legislature earlier in the budget season. This will allow for more fruitful dialog about the library's fiscal situation, its needs, goal and challenges.
- The Library continues to explore options to increase library revenues, with the goal of arresting the negative trends in collection and equipment assets and more fully supporting the delivery of services. In the interim, management steps are being developed to balance the annual operating budget to permit maintenance of an unreserved, Unappropriated fund balance of between five percent of budgeted operating revenues and one month's operating expenditures.

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004

- Union negotiations with both the professional and support staff (UAW Local 2300) are expected to be completed by the end of 2006, which will impact compensation and benefit costs.
- There are no known factors that would have an impact on the economic climate of the community in the foreseeable future.

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 FUNDS BALANCE SHEETS/STATEMENTS OF NET ASSETS
DECEMBER 31,

| | 2005 | | |
|---|-----------------|-------------|----------------------------|
| | General Fund | Adjustments | Statement of Net Assets |
| <u>ASSETS</u> | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$ 197,532 | \$ | \$ 197,532 |
| Accounts receivable | 214,462 | | 214,462 |
| Total Current Assets | 411,994 | -0- | 411,994 |
| Capital assets, net of accumulated depreciation of \$5,277,866 in 2005 and \$4,877,140 in 2004 | | 711,829 | 711,829 |
| Total Assets | \$ 411,994 | \$ 711,829 | \$ 1,123,823 |
| <u>LIABILITIES</u> | | | |
| Current Liabilities: | | | |
| Accounts payable | \$ 53,893 | \$ | \$ 53,893 |
| Accrued liabilities | 62,834 | | 62,834 |
| Total Current Liabilities | 116,727 | -0- | 116,727 |
| Compensated absences | | 98,353 | 98,353 |
| Total Liabilities | 116,727 | 98,353 | 215,080 |
| <u>FUND BALANCES/NET ASSETS</u> | | | |
| Fund Balances: | | | |
| Reserved for: | | | |
| Retirement | | | |
| Equipment | 45,796 | (45,796) | -0- |
| Total Reserved | 45,796 | (45,796) | -0- |
| Unreserved: | | | |
| Appropriated - Ensuing year's budget | 118,213 | (118,213) | -0- |
| Unappropriated | 131,258 | (131,258) | -0- |
| Total Unreserved | 249,471 | (249,471) | -0- |
| Total Fund Balance | 295,267 | (295,267) | -0- |
| Total Liabilities and Fund Balances | \$ 411,994 | | |
| Net Assets: | | | |
| Invested in capital assets, net of related debt | | 711,829 | 711,829 |
| Restricted | | 5,000 | 5,000 |
| Unrestricted | | 191,914 | 191,914 |
| Total Net Assets | | \$ 908,743 | \$ 908,743 |

See Independent Auditor's Report and Notes to Financial Statements

2004

| General Fund | Adjustments | Statement of Net Assets |
|-------------------|---------------------|----------------------------|
| \$ 137,679 | \$ | \$ 137,679 |
| <u>291,584</u> | | <u>291,584</u> |
| 429,263 | -0- | 429,263 |
| | <u>904,052</u> | <u>904,052</u> |
| <u>\$ 429,263</u> | <u>\$ 904,052</u> | <u>\$ 1,333,315</u> |
| | | |
| \$ 44,656 | \$ | \$ 44,656 |
| <u>59,917</u> | | <u>59,917</u> |
| 104,573 | -0- | 104,573 |
| | <u>86,446</u> | <u>86,446</u> |
| <u>104,573</u> | <u>86,446</u> | <u>191,019</u> |
| | | |
| 15,993 | (15,993) | -0- |
| <u>12,453</u> | <u>(12,453)</u> | <u>-0-</u> |
| <u>28,446</u> | <u>(28,446)</u> | <u>-0-</u> |
| | | |
| 130,180 | (130,180) | -0- |
| <u>166,064</u> | <u>(166,064)</u> | <u>-0-</u> |
| <u>296,244</u> | <u>(296,244)</u> | <u>-0-</u> |
| <u>324,690</u> | <u>(324,690)</u> | <u>-0-</u> |
| | | |
| <u>\$ 429,263</u> | | |
| | <u>904,052</u> | <u>904,052</u> |
| | <u>-0-</u> | <u>-0-</u> |
| | <u>238,244</u> | <u>238,244</u> |
| | <u>\$ 1,142,296</u> | <u>\$ 1,142,296</u> |

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

ASSETS

| | <u>2005</u> | <u>2004</u> |
|--|---------------------|---------------------|
| Current Assets: | | |
| Cash and cash equivalents | \$ 197,742 | \$ 186,940 |
| Accounts receivable | 18,641 | 17,115 |
| Unconditional promises to give | <u>60,175</u> | <u>76,699</u> |
| Total Current Assets | <u>276,558</u> | <u>280,754</u> |
| Long-term investments | 821,075 | 748,804 |
| Long-term unconditional promises to give, net | 120,299 | 125,835 |
| Equipment, net of accumulated depreciation of \$11,410 in 2005 and \$10,770 in 2004 | <u>672</u> | <u>713</u> |
| Total Assets | <u>\$ 1,218,604</u> | <u>\$ 1,156,106</u> |

LIABILITIES AND NET ASSETS

| | | |
|---|---------------------|---------------------|
| Current Liabilities: | | |
| Accounts payable - Tompkins County Public Library | \$ 206,072 | \$ 270,701 |
| Accounts payable and accrued liabilities | <u>23,006</u> | <u>8,442</u> |
| Total Current Liabilities | <u>229,078</u> | <u>279,143</u> |
| Net Assets: | | |
| Unrestricted: | | |
| Board designated | 298,657 | 246,639 |
| Undesignated | <u>32,174</u> | <u>38,315</u> |
| Total Unrestricted | <u>330,831</u> | <u>284,954</u> |
| Temporarily restricted | 272,203 | 207,128 |
| Permanently restricted | <u>386,492</u> | <u>384,881</u> |
| Total Net Assets | <u>989,526</u> | <u>876,963</u> |
| Total Liabilities and Net Assets | <u>\$ 1,218,604</u> | <u>\$ 1,156,106</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,

| | 2005 | | |
|---|------------------|------------------|----------------------------|
| | General Fund | Adjustments | Statement of Activities |
| Revenue: | | | |
| State source | \$ 49,670 | \$ | \$ 49,670 |
| Tompkins County | 2,169,999 | | 2,169,999 |
| City of Ithaca | 9,770 | | 9,770 |
| CLD grant | 105,000 | | 105,000 |
| Friends of TCPL | 238,921 | | 238,921 |
| TCPL Foundation | 206,072 | | 206,072 |
| Gifts and donations | | 2,400 | 2,400 |
| Library charges | 114,972 | | 114,972 |
| Use of money and property | 8,639 | | 8,639 |
| Other revenue | 20,345 | | 20,345 |
| Total Revenue | 2,923,388 | 2,400 | 2,925,788 |
| Expenditures: | | | |
| Salaries | 1,562,671 | 11,907 | 1,574,578 |
| Fringe benefits | 326,962 | | 326,962 |
| Health insurance | 323,247 | | 323,247 |
| Books | 173,076 | (173,076) | -0- |
| Periodicals | 7,081 | | 7,081 |
| AV/CD ROM materials | 87,780 | (87,780) | -0- |
| Insurance | 11,660 | | 11,660 |
| Repairs and maintenance | 37,153 | | 37,153 |
| Supplies and materials | 30,198 | | 30,198 |
| Telephone | 16,443 | | 16,443 |
| Postage | 7,566 | | 7,566 |
| Finger Lakes Library System services | 70,000 | | 70,000 |
| Professional fees | 172,221 | | 172,221 |
| Membership dues | 1,380 | | 1,380 |
| Equipment | 92,402 | (76,386) | 16,016 |
| Staff development | 15,249 | | 15,249 |
| Publicity and printing | 8,571 | | 8,571 |
| Depreciation | | 531,865 | 531,865 |
| Miscellaneous | 9,151 | | 9,151 |
| Total Expenditures | 2,952,811 | 206,530 | 3,159,341 |
| Excess of Expenditures Over Revenues | (29,423) | (204,130) | (233,553) |
| Fund Balances/Net Assets | | | |
| January 1, | 324,690 | 817,606 | 1,142,296 |
| December 31, | \$ 295,267 | \$ 613,476 | \$ 908,743 |

See Independent Auditor's Report and Notes to Financial Statements

2004

| General Fund | | Adjustments | Statement of Activities |
|-------------------|-----------|------------------|-------------------------|
| \$ 92,712 | \$ | | \$ 92,712 |
| 1,967,499 | | | 1,967,499 |
| 9,080 | | | 9,080 |
| 99,750 | | | 99,750 |
| 235,000 | | | 235,000 |
| 158,495 | | | 158,495 |
| | | 2,400 | 2,400 |
| 124,761 | | | 124,761 |
| 3,801 | | | 3,801 |
| 27,548 | | | 27,548 |
| <u>2,718,646</u> | | <u>2,400</u> | <u>2,721,046</u> |
| 1,557,753 | | 5,715 | 1,563,468 |
| 328,060 | | | 328,060 |
| 265,527 | | | 265,527 |
| 157,364 | | (157,364) | -0- |
| 13,267 | | | 13,267 |
| 55,961 | | (55,961) | -0- |
| 11,146 | | | 11,146 |
| 33,785 | | | 33,785 |
| 23,624 | | | 23,624 |
| 16,122 | | | 16,122 |
| 6,964 | | | 6,964 |
| 70,000 | | | 70,000 |
| 163,076 | | | 163,076 |
| 1,330 | | | 1,330 |
| 69,390 | | (54,457) | 14,933 |
| 5,286 | | | 5,286 |
| 3,806 | | | 3,806 |
| | | 543,164 | 543,164 |
| 6,089 | | | 6,089 |
| <u>2,788,550</u> | | <u>281,097</u> | <u>3,069,647</u> |
| (69,904) | | (278,697) | (348,601) |
| <u>394,594</u> | | <u>1,096,303</u> | <u>1,490,897</u> |
| <u>\$ 324,690</u> | <u>\$</u> | <u>817,606</u> | <u>\$ 1,142,296</u> |

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

| | 2005 | | | Total |
|---|--------------|---------------------------|---------------------------|------------|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | |
| Support: | | | | |
| Contributions | \$ 121,489 | \$ 252,901 | \$ 1,611 | \$ 376,001 |
| Grants/Other | 2,550 | | | 2,550 |
| Revenues: | | | | |
| Interest income | 234 | | | 234 |
| Dividend income | (4,190) | 19,277 | | 15,087 |
| Capital gain dividends | 38,206 | | | 38,206 |
| Gain on sale of investments | 9,387 | | | 9,387 |
| Unrealized gain on fair value of investments | 224 | | | 224 |
| In-kind contributions | 4,753 | | | 4,753 |
| Net assets released from restrictions | 207,103 | (207,103) | | -0- |
| Total Support and Revenues | 379,756 | 65,075 | 1,611 | 446,442 |
| Expenses: | | | | |
| Salaries | 65,388 | | | 65,388 |
| Employee benefits and taxes | 7,636 | | | 7,636 |
| Professional services | 5,305 | | | 5,305 |
| Printing | 1,160 | | | 1,160 |
| Equipment | 237 | | | 237 |
| Fund raising | 12,781 | | | 12,781 |
| Depreciation | 640 | | | 640 |
| Office supplies and postage | 1,148 | | | 1,148 |
| Bank and other fees | 8,937 | | | 8,937 |
| Uncollectable pledges | 300 | | | 300 |
| In-kind materials | 1,284 | | | 1,284 |
| In-kind services | 2,650 | | | 2,650 |
| Referendum | 20,341 | | | 20,341 |
| Tompkins Co. Public Library Support | 206,072 | | | 206,072 |
| Total Expenses | 333,879 | -0- | -0- | 333,879 |
| CHANGE IN NET ASSETS | 45,877 | 65,075 | 1,611 | 112,563 |
| Net Assets, January 1, | 284,954 | 207,128 | 384,881 | 876,963 |
| Net Assets, December 31, | \$ 330,831 | \$ 272,203 | \$ 386,492 | \$ 989,526 |

See Independent Auditor's Report and Notes to Financial Statements

2004

| <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---------------------|-----------------------------------|-----------------------------------|-------------------|
| \$ 117,325 | \$ 36,812 | \$ 50,631 | \$ 204,768 |
| 2,402 | 1,800 | | 4,202 |
| 101 | | | 101 |
| (5,105) | 17,372 | | 12,267 |
| 17,913 | | | 17,913 |
| 5,746 | | | 5,746 |
| 34,756 | | | 34,756 |
| 2,986 | | | 2,986 |
| 74,711 | (74,711) | | -0- |
| <u>250,835</u> | <u>(18,727)</u> | <u>50,631</u> | <u>282,739</u> |
| 67,938 | | | 67,938 |
| 8,570 | | | 8,570 |
| 12,947 | | | 12,947 |
| 4,491 | | | 4,491 |
| 68 | | | 68 |
| 9,150 | | | 9,150 |
| 915 | | | 915 |
| 2,792 | | | 2,792 |
| 10,622 | | | 10,622 |
| 150 | | | 150 |
| 2,021 | | | 2,021 |
| -0- | | | -0- |
| -0- | | | -0- |
| 158,495 | | | 158,495 |
| <u>278,159</u> | <u>-0-</u> | <u>-0-</u> | <u>278,159</u> |
| (27,324) | (18,727) | 50,631 | 4,580 |
| <u>312,278</u> | <u>225,855</u> | <u>334,250</u> | <u>872,383</u> |
| <u>\$ 284,954</u> | <u>\$ 207,128</u> | <u>\$ 384,881</u> | <u>\$ 876,963</u> |

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of the Tompkins County Public 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 Tompkins County Public Library is a component unit of the County of Tompkins. The Library was established in 1968 by the Tompkins County Board of Supervisors and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The Tompkins County 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 Tompkins County Public 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 Tompkins County and is partially funded by New York State to extend services to residents of Cayuga, Seneca, Cortland, and Tioga Counties.

Discretely Presented Component Units

During the year ended December 31, 2004, the Library implemented GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units." The 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 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 Public Library Foundation, Inc.

The Tompkins County Public Library Foundation, Inc. is a not-for-profit corporation established for the benefit of the Tompkins County Public Library. Three of the nine to fifteen directors of the Board of Directors are nominated by the Tompkins County Public Library Board. The Foundation solicits, accepts, holds, invests, reinvests, and administers any gifts, grants, bequests, contributions, devises, 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 Tompkins County Public 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
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004

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 government functions or activities.

The Tompkins County Public 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 Tompkins County Public Library's Governmental Fund Type:

General Fund - the 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 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.

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004

D. Equity Classifications

Statement of Net Assets

- Invested in Capital Assets, Net of Related Debt
Consists of capital assets including restricted capital assets, net of accumulated depreciation and 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.
- 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
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

Tompkins County Public Library employees are granted vacation and earn compensatory absences in varying amounts. From two to 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 \$98,353 and \$86,446 at December 31, 2005 and 2004, respectively.

F. Postemployment Benefits

The Tompkins County Public Library provides postemployment health insurance coverage to its retired employees in accordance with provisions governed by Tompkins County. The Tompkins County Public Library recognized its share of premiums for 15 retirees as health insurance expenditures of \$55,033 and \$43,967 for the periods ended December 31, 2005 and 2004, respectively.

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. Revenue

The major source of funding for the Tompkins County Public Library is appropriations from the Tompkins County government. The Library also receives contributions from the Tompkins County Public Library Foundation, Inc. and the Friends of Tompkins County Public Library. The County appropriations are a significant portion of the Library's support, representing 74% of total revenue, with contributions from the Foundation and Friends of the Library representing 8% and 7%, respectively.

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004

Note 2 - Detail Notes

A. Assets

1. Cash and Investments

The Tompkins County Public Library's investment policies are governed by state statutes. In addition, the Tompkins County Public Library follows its written investment policy. Tompkins County Public 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 to be purchased from banks located within the state and that underlying securities must 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.

Deposits and investments are valued at cost or cost plus interest, and are categorized as either (1) insured and for which the collateral is held in the Tompkins County Public Library's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the Tompkins County Public Library's name, or (3) uncollateralized.

Total financial institution (bank) balances at December 31, 2005 and 2004, per the bank, were \$199,451 and \$136,221, respectively. These deposits are categorized as follows:

| 2005 | | | |
|------------|-----------|----------|----------------|
| 1 | 2 | 3 | Carrying Value |
| \$ 100,000 | \$ 99,451 | \$ _____ | \$ 196,028 |
| 2004 | | | |
| 1 | 2 | 3 | Carrying Value |
| \$ 100,000 | \$ 36,221 | \$ _____ | \$ 137,679 |

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004

2. Accounts Receivable

Accounts receivable consisted of the following at December 31,:

| | <u>2005</u> | <u>2004</u> |
|-------------------------------|-----------------------|-----------------------|
| Due from TCPL Foundation | \$ 206,072 | \$ 270,701 |
| Other | <u>8,390</u> | <u>20,883</u> |
| Total Accounts Receivable | <u>\$ 214,462</u> | <u>\$ 291,584</u> |

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:

| | <u>2005</u> | | | |
|--------------------------------|--------------------------------|---------------------|--------------------|--------------------------------|
| <u>Historical Cost</u> | <u>Balance at 12/31/04</u> | <u>Additions</u> | <u>Retirements</u> | <u>Balance at 12/31/05</u> |
| Equipment | \$ 1,409,899 | \$ 76,386 | \$ | \$ 1,486,285 |
| Collection | 4,371,293 | 263,256 | (131,139) | 4,503,410 |
| Total Historical Cost | <u>5,781,192</u> | <u>339,642</u> | <u>(131,139)</u> | <u>5,989,695</u> |
| Less Accumulated Depreciation: | | | | |
| Equipment | 802,899 | 199,443 | | 1,002,342 |
| Collection | <u>4,074,241</u> | <u>332,422</u> | <u>(131,139)</u> | <u>4,275,524</u> |
| Total Accumulated Depreciation | <u>4,877,140</u> | <u>531,865</u> | <u>(131,139)</u> | <u>5,277,866</u> |
| Total Capital Asset, Net | <u>\$ 904,052</u> | <u>\$ (192,223)</u> | <u>\$ -0-</u> | <u>\$ 711,829</u> |

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 and 2004

| <u>Historical Cost</u> | 2004 | | | <u>Balance at 12/31/04</u> |
|--------------------------------|--------------------------------|---------------------|--------------------|--------------------------------|
| | <u>Balance at 12/31/03</u> | <u>Additions</u> | <u>Retirements</u> | |
| Equipment | \$ 1,355,442 | \$ 54,457 | \$ | \$ 1,409,899 |
| Collection | <u>4,284,090</u> | <u>215,726</u> | <u>(128,523)</u> | <u>4,371,293</u> |
| Total Historical Cost | 5,639,532 | 270,183 | (128,523) | 5,781,192 |
| Less Accumulated Depreciation: | | | | |
| Equipment | 594,483 | 208,416 | | 802,899 |
| Collection | <u>3,868,016</u> | <u>334,748</u> | <u>(128,523)</u> | <u>4,074,241</u> |
| Total Accumulated Depreciation | <u>4,462,499</u> | <u>543,164</u> | <u>(128,523)</u> | <u>4,877,140</u> |
| Total Capital Asset, Net | <u>\$ 1,177,033</u> | <u>\$ (272,981)</u> | <u>\$ -0-</u> | <u>\$ 904,052</u> |

Depreciation on all capital assets is computed on the straight-line basis over the estimated useful lives of the assets.

Note 3 - 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 4 - Related Parties

The Tompkins County Public Library received contributions of \$206,072 and \$158,495 from the Tompkins County Public Library Foundation, Inc. for the years ended December 31, 2005 and 2004, respectively.

The Tompkins County Public Library received contributions of \$238,921 and \$235,000 from the Friends of the Tompkins County Public Library for the years ended December 31, 2005 and 2004, respectively.

Tompkins County contributed \$2,169,999 and \$1,967,499 to the Library for the years ended December 31, 2005 and 2004, respectively. Additionally for 2005, the County provided \$368,793 worth of utilities, insurance, cleaning and maintenance and repairs; and \$470,000 worth of debt service on the building occupied by the Library.

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

| | 2005 | | | Variance Fav.(Unfav.) |
|--|--------------------|------------------|---------------|--------------------------|
| | Modified Budget | Actual | Encumbrances | |
| Revenue: | | | | |
| State source | \$ 49,670 | \$ 49,670 | \$ | \$ -0- |
| Tompkins County | 2,169,999 | 2,169,999 | | -0- |
| City of Ithaca | 9,000 | 9,770 | | 770 |
| CLD grant | 105,000 | 105,000 | | -0- |
| Friends of TCPL | 238,921 | 238,921 | | -0- |
| TCPL Foundation | 206,073 | 206,212 | | 139 |
| Library charges | 123,250 | 114,972 | | (8,278) |
| Use of money and property | 5,500 | 8,639 | | 3,139 |
| Other revenues | 20,500 | 20,205 | | (295) |
| Total Revenue | 2,927,913 | 2,923,388 | -0- | (4,525) |
| Expenditures: | | | | |
| Salaries | 1,587,240 | 1,562,671 | | 24,569 |
| Fringe benefits | 331,990 | 326,962 | | 5,028 |
| Health insurance | 323,253 | 323,247 | | 6 |
| Books | 181,536 | 173,076 | | 8,460 |
| Periodicals | 7,296 | 7,081 | | 215 |
| AV/CD ROM materials | 89,522 | 87,780 | | 1,742 |
| Insurance | 11,662 | 11,660 | | 2 |
| Repairs and maintenance | 38,030 | 37,153 | | 877 |
| Supplies and materials | 35,850 | 30,198 | | 5,652 |
| Telephone | 16,445 | 16,443 | | 2 |
| Postage | 7,570 | 7,566 | | 4 |
| Finger Lakes Library System services | 70,000 | 70,000 | | -0- |
| Professional fees | 172,224 | 172,221 | | 3 |
| Membership dues | 1,380 | 1,380 | | -0- |
| Equipment | 135,250 | 92,402 | | 42,848 |
| Staff development | 16,121 | 15,249 | | 872 |
| Publicity and printing | 8,604 | 8,571 | | 33 |
| Miscellaneous | 23,620 | 9,151 | | 14,469 |
| Total Expenditures | 3,057,593 | 2,952,811 | -0- | 104,782 |
| Excess of Revenues (Under) Expenditures | (129,680) | (29,423) | \$ -0- | \$ 100,257 |
| Appropriated Fund Balance | 129,680 | | | |
| Fund Balance, January 1, | -0- | 324,690 | | |
| Fund Balance, December 31, | \$ -0- | \$ 295,267 | | |

See Independent Auditor's Report

2004

| Modified Budget | Actual | Encumbrances | Variance Fav.(Unfav.) |
|--------------------|-------------------|---------------|--------------------------|
| \$ 95,770 | \$ 92,712 | \$ | \$ (3,058) |
| 1,967,499 | 1,967,499 | | -0- |
| 9,000 | 9,080 | | 80 |
| 105,000 | 99,750 | | (5,250) |
| 235,000 | 235,000 | | -0- |
| 158,494 | 158,818 | | 324 |
| 148,500 | 124,761 | | (23,739) |
| 7,000 | 3,801 | | (3,199) |
| 6,000 | 27,225 | | 21,225 |
| <u>2,732,263</u> | <u>2,718,646</u> | <u>-0-</u> | <u>(13,617)</u> |
| 1,568,326 | 1,557,753 | | 10,573 |
| 334,245 | 328,060 | | 6,185 |
| 272,480 | 265,527 | | 6,953 |
| 169,599 | 157,364 | | 12,235 |
| 13,272 | 13,267 | | 5 |
| 57,832 | 55,961 | | 1,871 |
| 11,150 | 11,146 | | 4 |
| 36,255 | 33,785 | | 2,470 |
| 29,082 | 23,624 | | 5,458 |
| 16,125 | 16,122 | | 3 |
| 13,755 | 6,964 | | 6,791 |
| 70,000 | 70,000 | | -0- |
| 186,105 | 163,076 | | 23,029 |
| 1,330 | 1,330 | | -0- |
| 76,517 | 69,390 | | 7,127 |
| 7,500 | 5,286 | | 2,214 |
| 6,880 | 3,806 | | 3,074 |
| 26,705 | 6,089 | | 20,616 |
| <u>2,897,158</u> | <u>2,788,550</u> | <u>-0-</u> | <u>108,608</u> |
| <u>(164,895)</u> | <u>(69,904)</u> | <u>\$ -0-</u> | <u>\$ 94,991</u> |
| <u>164,895</u> | | | |
| <u>-0-</u> | <u>394,594</u> | | |
| <u>\$ -0-</u> | <u>\$ 324,690</u> | | |

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.



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

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.
John E. Little, 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 and fund of the Tompkins County Public Library, a component unit of the County of Tompkins, and the Library's discretely presented component unit, as of and for the year ended December 31, 2005, which collectively comprise the Library's basic financial statements and have issued our report thereon dated March 24, 2006. 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 Tompkins County Public Library's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Tompkins County Public 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 and other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we reported to the management of the Tompkins County Public Library, in a separate letter dated March 24, 2006.

- 14 -

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

WATKINS GLEN

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

This report is intended solely for the information and use of the Board of Trustees, management, and New York State and is not intended to be and should not be used by anyone other than these specified parties.

Riaschi, Sietechagen, Hille, Mikelsen & Company, LLP

March 24, 2006
Ithaca, New York

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.



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

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.
John E. Little, C.P.A.

To the Board of Trustees
Tompkins County Public Library
Ithaca, New York

In planning and performing our audit of the financial statements of the Tompkins County Public Library for the year ended December 31, 2005, we considered the Library's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure. As stated in our Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, we noted no material instances of noncompliance and no material weaknesses in internal control over financial reporting. However, we wish to offer the following long range planning and reporting comments:

GASB Statement No. 45

The Government Accounting Standards Board has issued new standards related to the financial reporting requirements of Other Postemployment Benefits (OPEB) that will be effective for 2007. This will require prescribed actuarial and reporting requirements for recognition of costs regarding liability and expense for retirees as well as active employees of the Library. The notes to the financial statements will fully report the Library's funded status and other disclosure requirements. We recommend continued evaluation of the long-term budgetary implications to the future cost of retiree health insurance, and beginning the process of contracting with an independent actuarial firm to perform the required valuation report.

Fixed Asset Inventory

During the current year, several obsolete computers were disposed. We were unable to identify which computers were discarded, and were therefore unable to determine whether they had been properly removed from the fixed asset listing. We recommend that fixed assets are tagged or identified in a similar manner and inventoried, in order to allow for more accurate record keeping regarding fixed assets.

Employee/Staff Bank Account

During our current year audit, we noted that there is an employee/staff bank account open at Tompkins Trust Company under the Library's Employer Identification Number. The Library's management does not exercise oversight of this bank account, nor do its assets appear on the Library's financial statements. We therefore recommend that this account be closed and an separate account, not related to the Library, be opened by the employees and staff.

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.cdln.com

WATKINS GLEN

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

We would like to take this opportunity to express our appreciation to the Tompkins County Public Library's management and staff for their time and cooperation in aiding us in our audit work. Their assistance resulted in an expedient and efficient audit process.

This letter is intended solely for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

Ciaschi, Diekhagen, Little, Nielsen & Company, LLP

March 24, 2006
Ithaca, New York

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.



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

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.
John E. Little, C.P.A.

To the Board of Trustees
Tompkins County Public Library
Ithaca, New York

We have audited the basic financial statements of the Tompkins County Public Library for the year ended December 31, 2005, and have issued our report thereon dated March 24, 2006. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing and Government Auditing Standards

As stated in our engagement letter dated January 6, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of the Tompkins County Public Library. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

SAS #99, Consideration of Fraud in a Financial Statement Audit

As a result of well-publicized fraud in the public world, a new auditing pronouncement was issued that gives further, more explicit guidance to auditors regarding our responsibility to plan and perform our audit in order to obtain reasonable assurance that the financial statements are free of material misstatement caused by fraud. It remains a Board and management responsibility to detect and prevent fraud. However, SAS #99 resulted in additional procedures which we performed during your audit. Those procedures included inquiries of Board members, employees and a brainstorming session held by the audit team members. Also, our inquiries of management were expanded to include more questions on areas vulnerable to fraud and procedures in place to identify or circumvent fraud in the financial statements. No items or areas of concern were noted during these additional procedures.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Tompkins County Public Library are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Library changed accounting policies related to adopting GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units." The Tompkins County Public Library was added as a discretely presented component unit. We noted no transactions entered into by the Library during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

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

WATKINS GLEN

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

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were depreciation and compensated absences.

Management's estimate of depreciation and compensated absences is based on the estimated useful lives of assets and employee contract provisions and the subsequent year's salaries, respectively. We evaluated the key factors and assumptions used to develop depreciation and compensated absences estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Library's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Library, either individually or in the aggregate, indicate matters that could have a significant effect on the Library's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the basic financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Tompkins County Public Library's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

We would like to thank you and your staff for the cooperation and support given to us during the course of the audit. We appreciate the opportunity to be of service to you and look forward to our continued involvement.

This information is intended solely for the use of the Board of Trustees, management and New York State and is not intended to be and should not be used by anyone other than these specified parties.

Cinchi, Dietershagen, Kittle, Mitalson & Company, LLP

March 24, 2006
Ithaca, New York