

TOMPKINS COUNTY PUBLIC LIBRARY

Ithaca, New York

Report on Audit of Financial Statements

December 31, 2008 and 2007

TOMPKINS COUNTY PUBLIC LIBRARY
FOR THE YEARS ENDED 2008 and 2007

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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, 2008 and 2007, 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, 2008 and 2007, and the results of its operations 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 July 8, 2009 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 grant agreements. 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 read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 2-2g, the budgetary comparison schedule, the schedule of funding progress, and notes to required supplementary information on page 17 are 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.

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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 15-16 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, Finkler & Company CP

July 8, 2009
Ithaca, New York

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

The following is a discussion and analysis of the Library's financial performance for the fiscal years ended December 31, 2007 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 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 revenue in 2008 by \$401,596 compared to 2007, when revenues exceeded expenses by \$291,684. This is primarily the result of three years of retroactively paid wages stemming from the labor settlement reached during 2008 as well as the first year requirement to record the GASB 45 other postemployment benefit expense and liability of \$433,012.
- Net assets for the year ended December 31, 2008 were \$1,251,706 reflecting a decrease from net assets of \$1,653,302 at December 31, 2007, primarily due to the implementation of new reporting requirements for other postemployment benefits liability. The Library's net assets for the year ended December 31, 2007 increased \$291,684 from \$1,361,618 to \$1,653,302; primarily due to increased support from Tompkins County.
- Total fund balance of \$635,425 in the General Fund showed a decrease of \$87,271 in 2008, from \$722,696 in 2007, with an increase of \$388,638 in 2007. Of the \$635,425, a total of \$36,705 is appropriated to support the 2009 budget, \$59,913 is reserved for retirement, and \$25,126 is reserved for equipment replacement, leaving a net unappropriated, unreserved balance of \$513,681 or approximately 13% of appropriations budgeted for 2009.

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, 2008 and 2007

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

Condensed Statement of Net Assets	Governmental Activities and Total Library		
	2006	2007	2008
<i>Current assets</i>	\$ 483,132	\$ 849,321	\$ 831,071
<i>Capital assets, net</i>	1,136,159	1,034,721	1,158,726
Total Assets	1,619,291	1,884,042	1,989,797
<i>Current liabilities</i>	149,074	126,625	195,646
<i>Noncurrent liabilities</i>	108,599	104,115	542,445
Total Liabilities	257,673	230,740	738,091
<i>Invested in capital assets, net of debt</i>	1,136,159	1,034,721	1,158,726
<i>Unrestricted net assets</i>	225,459	618,581	92,980
Total Net Assets	\$ 1,361,618	\$ 1,653,302	\$ 1,251,706

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

Net capital assets and invested in capital assets, net of related debt, increased in 2008 because capital outlay exceeded the amount of depreciation expense during 2008. The net effect of the Library's activities resulted in an increase in unrestricted net assets of \$393,122 at December 31, 2007. However, a decrease in unrestricted net assets of \$525,601 at December 31, 2008 was primarily the result of the new GASB 45 requirement to record other postemployment benefits.

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

Figure 2

Changes in Net Assets	Governmental Activities and Total Library		
	2006	2007	2008
<i>Revenues:</i>			
<i>State sources</i>	\$ 31,515	\$ 40,771	\$ 72,059
<i>Tompkins County support</i>	2,303,045	2,603,422	2,616,056
<i>City of Ithaca support</i>	11,093	11,654	12,846
<i>CLD grant</i>	105,000	105,000	102,900
<i>Friends of the Library</i>	243,311	270,000	280,000
<i>Library Foundation</i>	206,569	150,512	129,477
<i>Library charges</i>	112,705	113,506	115,528
<i>Other revenue</i>	38,651	76,914	307,564
Total Revenues	3,051,889	3,371,779	3,636,430
<i>Expenses:</i>			
<i>Personnel expenses</i>	2,243,752	2,234,820	2,969,423
<i>Insurance, repairs and maintenance</i>	42,981	37,399	62,192
<i>Supplies and materials</i>	59,152	61,187	91,615
<i>Telephone, postage and printing</i>	32,818	35,408	53,641
<i>Finger Lakes Library System services</i>	70,000	57,800	57,800
<i>Professional dues and fees</i>	168,385	199,491	204,838
<i>Depreciation</i>	438,307	441,431	355,161
<i>Other expenses</i>	16,151	12,559	243,356
Total Expenses	3,071,546	3,080,095	4,038,026
(DECREASE) INCREASE IN NET ASSETS	\$ (19,657)	\$ 291,684	\$ (401,596)

Total revenues for the Library's Governmental Activities increased in 2008 by \$264,651, or 7.8%, while total expenses increased \$957,931 or 31%. The increase in other revenues and other expenditures was primarily the result of an unanticipated bequest, which was passed through to the Library Foundation, creating off-setting, one-time increases in those two categories. Expenditures increased primarily due to the settlement of labor contracts after three years of negotiations, resulting in retroactive payment of wages, as well as the first time requirement to record other postemployment benefits.

In 2007, total revenues increased by \$319,890, or 10.5%, while total expenses increased \$8,549 or 0.3%. The increase in revenues was primarily the result of an increase in funding from Tompkins County.

TOMPKINS COUNTY PUBLIC LIBRARY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

Figures 3, 4 and 5 present the sources of revenue for 2008, 2007 and 2006.

Figure 3

Sources of Revenue for 2008

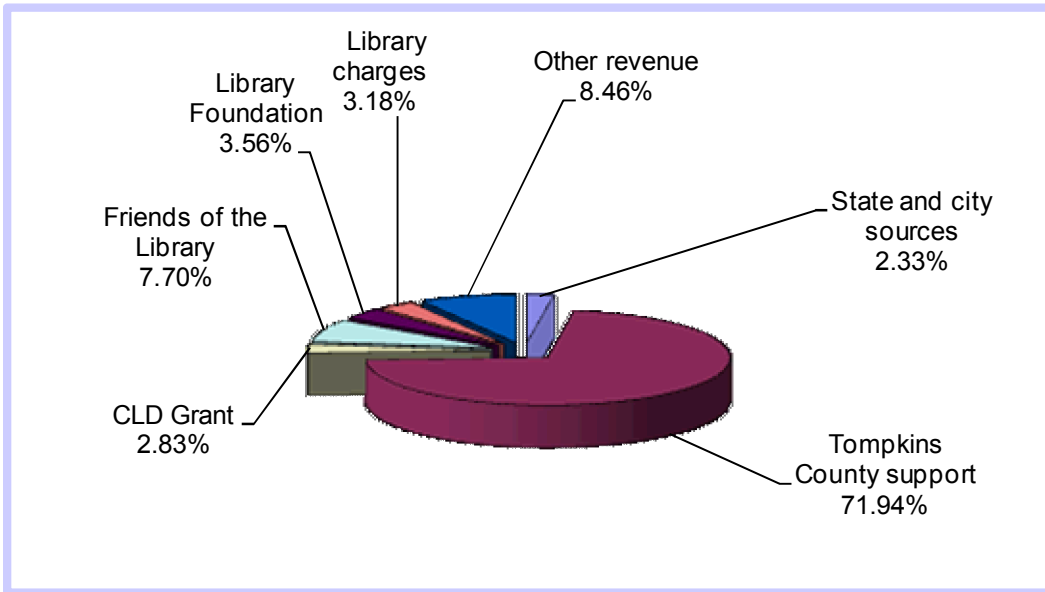
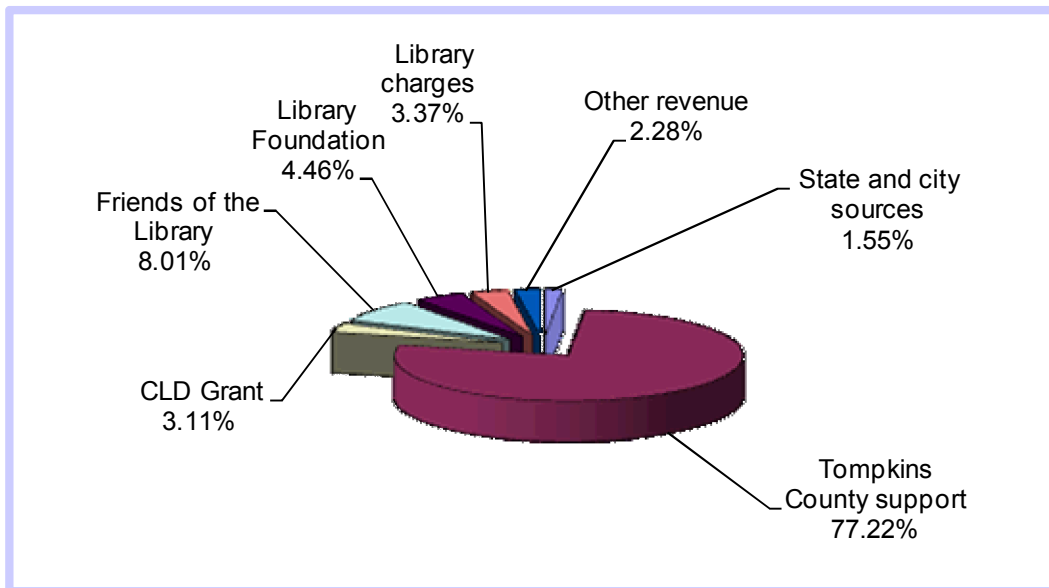


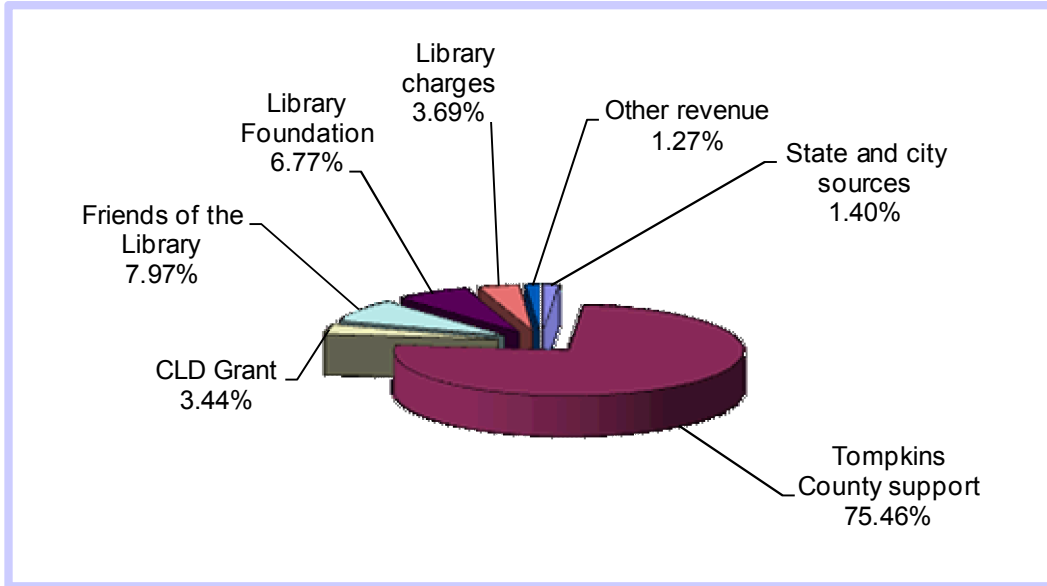
Figure 4

Sources of Revenue for 2007



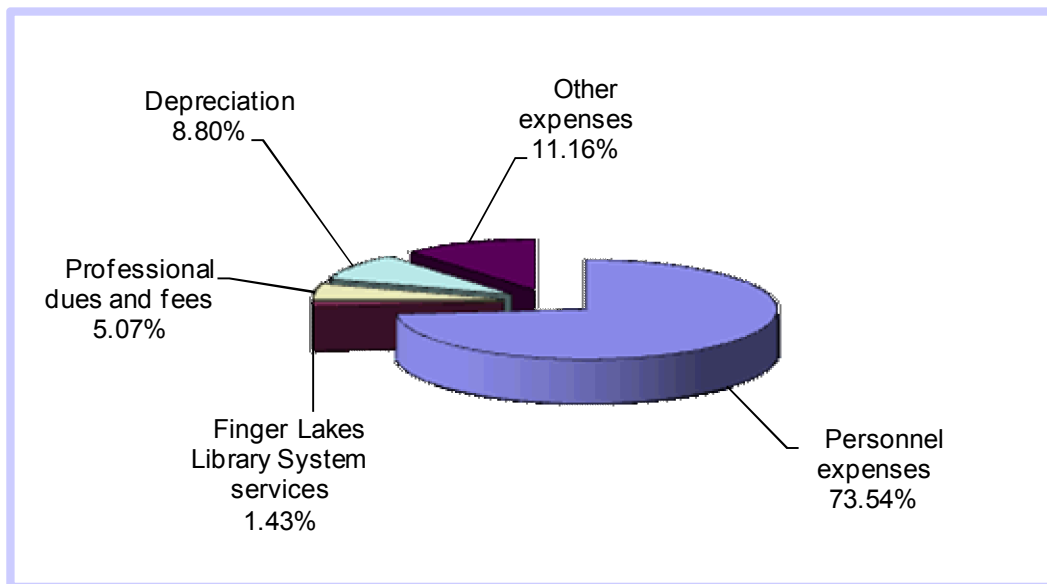
TOMPKINS COUNTY PUBLIC LIBRARY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

Figure 5
Sources of Revenue for 2006



Figures 6, 7 and 8 present the expenses of the Library for the years ended December 31, 2008, 2007 and 2006.

Figure 6
Expenses 2008



TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

Figure 7
Expenses 2007

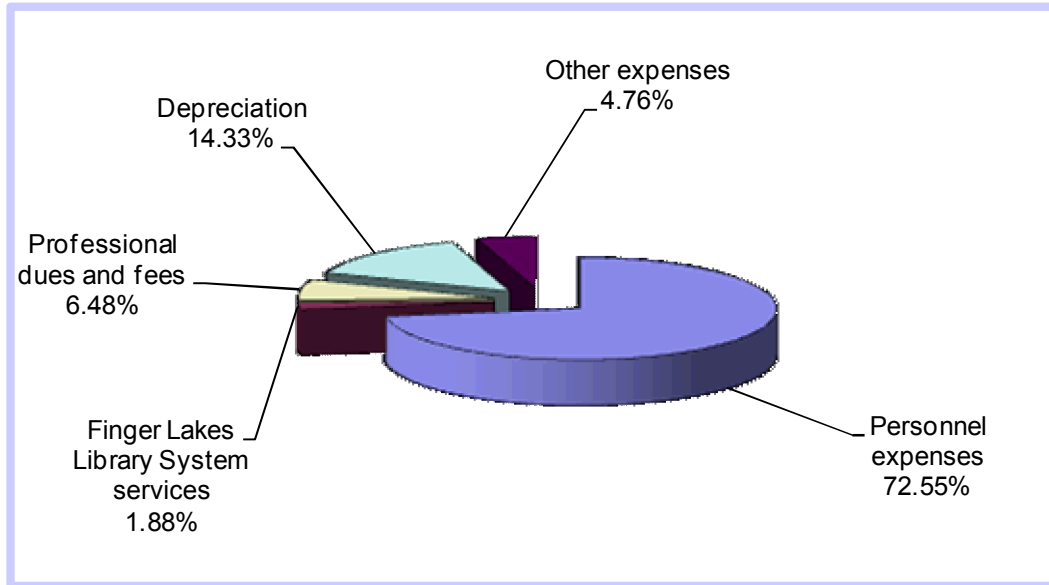
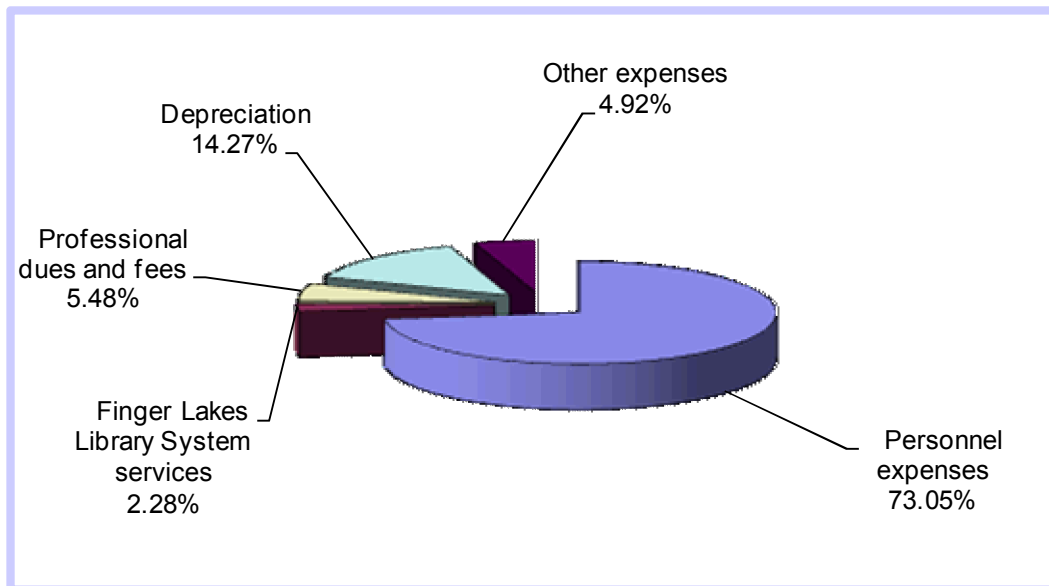


Figure 8
Expenses 2006



TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

FINANCIAL ANALYSIS OF THE LIBRARY'S GENERAL FUND

As the Library completed the year ended December 31, 2008, the General Fund reported a combined fund balance of \$635,425, which is lower than last year's total of \$722,696. Unreserved, unappropriated fund balance was \$513,681 at year end, which is 13% of the operating expenditures budgeted for 2009. In 2009, this falls within 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, 2007 was \$653,926, which was 19% of the 2008 budgeted operating expenditures. The decrease in the unreserved, unappropriated fund balance is a direct result of the labor settlement for which the Library had been accruing retroactive pay. The amount designated for the subsequent year's expenditures was \$36,705 in 2008, as compared to \$44,109 in 2007. The Library's 2007 General Fund combined fund balance increased \$388,638 from \$334,058 to \$722,696.

CAPITAL ASSET ADMINISTRATION

Capital Assets

At the end of December 31, 2008, 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 increase of \$124,005, or 12.0%, while in 2007 there was a decrease of \$101,438, or 8.9%. There were additions of \$151,090 and \$52,162 in equipment and \$348,931 and \$287,831 in the collection for the years ended 2007 and 2008, respectively. There were retirements of \$143,466 and \$139,001 in the collection and no retirements of equipment during either year. However, during 2007 a complete physical inventory was taken and equipment was reclassified during 2007 and 2008 to reflect the inventory results.

Figure 9

Changes in Net Capital Assets	Governmental Activities and Total Library		
	Restated 2006	2007	2008
<i>Equipment</i>	\$ 477,088	\$ 392,108	\$ 473,798
<i>Collection</i>	659,071	642,613	684,928
Total	\$ 1,136,159	\$ 1,034,721	\$ 1,158,726

FACTORS BEARING ON THE LIBRARY'S FUTURE

- The library is anticipating state aid decreases of at least 10% in 2009 and possibly higher in 2010. This will affect general operating aid, and impair our services to the members of the Finger Lakes Library System.
- Sales tax revenue is expected to decrease in 2009; this will also affect general library operating aid.
- While income from the Friends of the Library, derived from their two annual book sales, is expected to remain steady, private support from donors, foundations and grants channeled through the Tompkins County Public Library Foundation is not expected to match 2008 levels. This will affect general operating aid as well as reduce the number of special programmatic initiatives which are carried out with Foundation funds.

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

- County funding for the library is expected to decrease in 2010, which may result in reduced services to customers, and possible employee lay-offs. The library's New York State pension liability will significantly increase, possibly doubling in 2010, health insurance costs will continue to rise and new unemployment liabilities will be a factor in the 2010 budget.
- A three year collective bargaining agreement between the Professional Staff Association, UAW Local 2300, and the library was signed on May 26, 2009. The other collective bargaining agreement with the Support Staff which expired on December 31, 2008, is currently in mediation and is not expected to be settled before October of 2009.
- The Library Director has announced her retirement, effective September 30, 2009. A Search Committee for her successor is underway. A new library director is expected to be appointed by the end of September.

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,

	2008		
	General Fund	Adjustments	Statement of Net Assets
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 608,640	\$	\$ 608,640
Investments	-0-		-0-
Accounts receivable	222,431		222,431
Prepays	-0-		-0-
Total Current Assets	831,071	-0-	831,071
Capital assets, net of accumulated depreciation of \$5,148,701 in 2008 and \$4,997,084 in 2007		1,158,726	1,158,726
Total Assets	\$ 831,071	1,158,726	1,989,797
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	\$ 102,915		102,915
Accrued liabilities	92,731		92,731
Total Current Liabilities	195,646	-0-	195,646
Compensated absences		109,433	109,433
Other postemployment benefits liability	-0-	433,012	433,012
Total Liabilities	195,646	542,445	738,091
<u>FUND BALANCE/NET ASSETS</u>			
Fund Balances:			
Reserved for:			
Retirement	59,913	(59,913)	-0-
Equipment	25,126	(25,126)	-0-
Total Reserved	85,039	(85,039)	-0-
Unreserved:			
Appropriated - Ensuing year's budget	36,705	(36,705)	-0-
Unappropriated	513,681	(513,681)	-0-
Total Unreserved	550,386	(550,386)	-0-
Total Fund Balance	635,425	(635,425)	-0-
Total Liabilities and Fund Balance	\$ 831,071		
Net Assets:			
Invested in capital assets, net of related debt		1,158,726	1,158,726
Unrestricted		92,980	92,980
Total Net Assets		\$ 1,251,706	\$ 1,251,706

See Independent Auditor's Report and Notes to Financial Statements

2007

<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
\$ 112,939	\$	\$ 112,939
580,852		580,852
154,836		154,836
694		694
849,321	-0-	849,321
	<u>1,034,721</u>	<u>1,034,721</u>
<u>\$ 849,321</u>	1,034,721	1,884,042
\$ 55,943		55,943
70,682		70,682
126,625	-0-	126,625
	104,115	104,115
-0-		-0-
<u>126,625</u>	<u>104,115</u>	<u>230,740</u>
-0-	-0-	-0-
24,661	(24,661)	-0-
<u>24,661</u>	<u>(24,661)</u>	-0-
44,109	(44,109)	-0-
653,926	(653,926)	-0-
<u>698,035</u>	<u>(698,035)</u>	-0-
<u>722,696</u>	<u>(722,696)</u>	-0-
<u>\$ 849,321</u>		
	<u>1,034,721</u>	<u>1,034,721</u>
	<u>618,581</u>	<u>618,581</u>
	<u>\$ 1,653,302</u>	<u>\$ 1,653,302</u>

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

ASSETS

	<u>2008</u>	<u>2007</u>
Current Assets:		
Cash and cash equivalents	\$ 369,109	\$ 92,544
Accounts receivable	57,144	87,426
Unconditional promises to give	<u>53,883</u>	<u>94,869</u>
Total Current Assets	<u>480,136</u>	<u>274,839</u>
Long-term investments	730,098	985,559
Long-term unconditional promises to give, net	86,873	100,232
Equipment, net of accumulated depreciation of \$12,802 in 2008 and \$11,889 in 2007	<u>877</u>	<u>1,905</u>
Total Assets	<u>\$ 1,297,984</u>	<u>\$ 1,362,535</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable - Tompkins County Public Library	\$ 204,490	\$ 150,512
Accounts payable and accrued liabilities	<u>4,364</u>	<u>8,280</u>
Total Current Liabilities	<u>208,854</u>	<u>158,792</u>
Net Assets:		
Unrestricted:		
Board designated	651,156	406,922
Undesignated	<u>(207,821)</u>	<u>163,644</u>
Total Unrestricted	443,335	570,566
Temporarily restricted	165,510	217,033
Permanently restricted	<u>480,285</u>	<u>416,144</u>
Total Net Assets	<u>1,089,130</u>	<u>1,203,743</u>
Total Liabilities and Net Assets	<u>\$ 1,297,984</u>	<u>\$ 1,362,535</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,

	2008		
	General Fund	Adjustments	Statement of Activities
Revenue:			
State sources	\$ 72,059	\$	\$ 72,059
Tompkins County	2,616,056		2,616,056
City of Ithaca	12,846		12,846
CLD grant	102,900		102,900
Friends of TCPL	280,000		280,000
TCPL Foundation	129,477		129,477
Gifts and donations		2,400	2,400
Library charges	115,528		115,528
Use of money and property	21,701		21,701
Other revenue	283,463		283,463
Total Revenue	3,634,030	2,400	3,636,430
Expenditures:			
Salaries	1,846,314	5,318	1,851,632
Fringe benefits	293,386	433,012	726,398
Health insurance	391,393		391,393
Books	228,374	(228,374)	-0-
Periodicals	10,181		10,181
AV/CD ROM materials	118,157	(118,157)	-0-
Insurance	12,838		12,838
Repairs and maintenance	49,354		49,354
Supplies and materials	61,036		61,036
Telephone	14,007		14,007
Postage	6,345		6,345
Finger Lakes Library System services	57,800		57,800
Professional fees	202,580		202,580
Membership dues	2,258		2,258
Equipment	150,633	(130,235)	20,398
Staff development	11,749		11,749
Publicity and printing	33,289		33,289
Depreciation		355,161	355,161
Miscellaneous/Holliday bequest contingency	231,607		231,607
Total Expenditures	3,721,301	316,725	4,038,026
Excess of (Expenditures) Over Revenues	(87,271)	(314,325)	(401,596)
Fund Balances/Net Assets			
January 1,	722,696	930,606	1,653,302
December 31,	<u>\$ 635,425</u>	<u>\$ 616,281</u>	<u>\$ 1,251,706</u>

See Independent Auditor's Report and Notes to Financial Statements

2007

General Fund	Adjustments	Statement of Activities
\$ 40,771	\$	\$ 40,771
2,603,422		2,603,422
11,654		11,654
105,000		105,000
270,000		270,000
150,512		150,512
	2,400	2,400
113,506		113,506
31,271		31,271
43,243		43,243
3,369,379	2,400	3,371,779
1,568,933	(4,484)	1,564,449
285,686		285,686
384,685		384,685
213,951	(213,951)	-0-
10,884		10,884
71,480	(71,480)	-0-
12,370		12,370
40,329	(15,300)	25,029
38,375		38,375
14,634		14,634
6,319		6,319
57,800		57,800
197,864		197,864
1,627		1,627
48,790	(36,862)	11,928
5,360		5,360
14,455		14,455
	441,431	441,431
7,199		7,199
2,980,741	99,354	3,080,095
388,638	(96,954)	291,684
334,058	1,027,560	1,361,618
\$ 722,696	\$ 930,606	\$ 1,653,302

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

	2008			Total
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Support:				
Contributions	\$ 335,776	\$ 107,551	\$ 64,141	\$ 507,468
Grants/Other	1,159			1,159
Revenues:				
Interest income	178			178
Dividend income	(2,253)	23,738		21,485
Capital gain dividends	6,460			6,460
Gain on sale of investments	(5,022)			(5,022)
Unrealized (loss) on fair value of investments	(388,367)			(388,367)
In-kind contributions	3,010			3,010
Net assets released from restrictions	171,445	(171,445)		-0-
Total Support and Revenues	<u>122,386</u>	<u>(40,156)</u>	<u>64,141</u>	<u>146,371</u>
Expenses:				
Program services	143,942			143,942
Management and general	46,339	11,367		57,706
Fundraising	59,336			59,336
Total Expenses	<u>249,617</u>	<u>11,367</u>	<u>-0-</u>	<u>260,984</u>
CHANGE IN NET ASSETS	(127,231)	(51,523)	64,141	(114,613)
Net Assets, January 1,	<u>570,566</u>	<u>217,033</u>	<u>416,144</u>	<u>1,203,743</u>
Net Assets, December 31,	<u>\$ 443,335</u>	<u>\$ 165,510</u>	<u>\$ 480,285</u>	<u>\$ 1,089,130</u>

See Independent Auditor's Report and Notes to Financial Statements

2007

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 184,730	\$ 124,867	\$ 26,001	\$ 335,598
155			155
101			101
827	20,677		21,504
46,939			46,939
53,288			53,288
(42,400)			(42,400)
8,506			8,506
<u>105,630</u>	<u>(105,630)</u>	<u> </u>	<u>-0-</u>
<u>357,776</u>	<u>39,914</u>	<u>26,001</u>	<u>423,691</u>
166,848			166,848
48,767	24,143		72,910
55,156			55,156
<u>270,771</u>	<u>24,143</u>	<u>-0-</u>	<u>294,914</u>
87,005	15,771	26,001	128,777
<u>483,561</u>	<u>201,262</u>	<u>390,143</u>	<u>1,074,966</u>
<u>\$ 570,566</u>	<u>\$ 217,033</u>	<u>\$ 416,144</u>	<u>\$ 1,203,743</u>

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

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, 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 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, 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 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, 2008 and 2007

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 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 - 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, 2008 and 2007

D. Equity Classifications

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.
- 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

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 \$109,433 and \$104,115 at December 31, 2008 and 2007, respectively.

F. Postemployment Benefits

In addition to providing pension benefits, the Tompkins County Public Library provides postemployment health insurance coverage to its retired employees in accordance with provisions governed by Tompkins County. Substantially all Library employees may become eligible for these benefits if they elect to continue coverage. The Tompkins County Public Library recognized its share of premiums for retirees as health insurance. During the year the Library adopted GASB Statement 45 "Accounting and Financial Reporting for Employers for Postretirement Benefits Other than Pensions." (See Note 2.B.1)

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 72% 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
 (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

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 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 \$619,202, are either insured or collateralized with securities held by the pledging financial institution in the Library's name.

During 2007, the Library utilized repurchase agreements with Tompkins Trust Company in order to maximize interest earnings. There were no outstanding repurchase agreements at December 31, 2008:

2008	
Security	Book Value
None	\$ <u><u>-0-</u></u>
2007	
Security	Book Value
FHLB due 3/2/2010	\$ <u><u>580,852</u></u>

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

2. Accounts Receivable

Accounts receivable consisted of the following at December 31,:

	2008	2007
Due from TCPL Foundation	\$ 204,490	\$ 150,512
Other	17,941	4,324
Total Accounts Receivable	\$ 222,431	\$ 154,836

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:

Category	Minimum Cost	Useful Life
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:

	2008			
	Balance at 12/31/07	Additions	Reclass- ifications/ Retirements	Balance at 12/31/08
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	6,031,805	500,021	(224,399)	6,307,427
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	4,997,084	435,756	(284,139)	5,148,701
Total Capital Assets, Net	\$ 1,034,721	\$ 64,265	\$ 59,740	\$ 1,158,726

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

	2007			
	Balance at 12/31/06	Additions	Retirements	Balance at 12/31/07
Historical Cost:				
Equipment	\$ 1,611,319	\$ 52,162	\$ (413,885)	\$ 1,249,596
Collection	4,633,379	287,831	(139,001)	4,782,209
Total Historical Cost	6,244,698	339,993	(552,886)	6,031,805
Less Accumulated Depreciation:				
Equipment	1,134,231	137,142	(413,885)	857,488
Collection	3,974,308	304,289	(139,001)	4,139,596
Total Accumulated Depreciation	5,108,539	441,431	(522,886)	4,997,084
Total Capital Assets, Net	\$ 1,136,159	\$ (101,438)	\$ -0-	\$ 1,034,721

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

During the year ended December 31, 2007, a complete physical inventory of Library assets was performed. As a result, during the years ended December 31, 2007 and 2008 certain fully depreciated assets were reclassified in order to reflect the results of the physical inventory.

B. Liabilities

1. 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. 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 Tompkins Public 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, 2008, the Library contributed \$66,146 to the Plan for current premiums of 15 retirees, compared to \$66,032 in 2007. 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
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

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 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	\$	276,315
Amortization of UAAL		222,843
Total Annual Required Contribution		449,158
Interest on net OPEB obligation		-0-
Adjustment to annual required contribution		-0-
Annual OPEB Cost (Expense)		449,158
Contributions made on behalf of 15 employees		(66,146)
Increase in Net OPEB Obligation		433,012
 Net OPEB Obligation - January 1, 2008		 -0-
 Net OPEB Obligation - December 31, 2008	 \$	 433,012

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2008 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

The year ended December 31, 2008 is the first year that the OPEB obligation has been actuarially determined.

As of December 31, 2008, the Plan was not funded. The actuarial accrued liability for benefits was \$3,711,182; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,846,314 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 201% 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
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

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 December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 10 percent initially reduced by decrements to an ultimate rate of 5 percent after ten years. The rate included a 4 percent inflation assumption.

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 \$129,477 and \$150,512 from the Tompkins County Public Library Foundation, Inc. for the years ended December 31, 2008 and 2007, respectively.

The Tompkins County Public Library received contributions of \$280,000 and \$270,000 from the Friends of the Tompkins County Public Library for the years ended December 31, 2008 and 2007, respectively.

Tompkins County contributed \$2,616,056 and \$2,603,422 to the Library for the years ended December 31, 2008 and 2007, respectively. Additionally for 2008 and 2007, respectively, the County provided \$485,458 and \$489,748 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,

	2008			
	Modified Budget	Actual	Encumbrances	Variance Fav.(Unfav.)
Revenue:				
State source	\$ 72,915	\$ 72,059	\$	\$ (856)
Tompkins County	2,616,056	2,616,056		-0-
City of Ithaca	12,000	12,846		846
CLD grant	105,000	102,900		(2,100)
Friends of TCPL	280,000	280,000		-0-
TCPL Foundation	129,478	129,477		(1)
Library charges	116,500	115,528		(972)
Use of money and property	15,000	21,701		6,701
Other revenues	281,095	283,463		2,368
Total Revenue	3,628,044	3,634,030	-0-	5,986
Expenditures:				
Salaries	1,870,463	1,846,314		24,149
Fringe benefits	348,930	293,386		55,544
Health insurance	391,397	391,393		4
Books	236,254	228,374		7,880
Periodicals	14,388	10,181		4,207
AV/CD ROM materials	120,617	118,157		2,460
Insurance	12,841	12,838		3
Repairs and maintenance	52,135	49,354		2,781
Supplies and materials	62,286	61,036		1,250
Telephone	14,035	14,007		28
Postage	6,375	6,345		30
Finger Lakes Library System services	58,000	57,800		200
Professional fees	241,896	202,580		39,316
Membership dues	2,262	2,258		4
Equipment	178,251	150,633		27,618
Staff development	11,757	11,749		8
Publicity and printing	39,442	33,289		6,153
Miscellaneous	241,379	231,607		9,772
Total Expenditures	3,902,708	3,721,301	-0-	181,407
Excess of Revenues (Under) Over Expenditures	(274,664)	(87,271)	\$ -0-	\$ 187,393
Appropriated Fund Balance	274,573			
Fund Balance, January 1,	130,717	722,696		
Fund Balance, December 31,	\$ 130,626	\$ 635,425		

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

2007

Modified		Variance	
Budget	Actual	Encumbrances	Fav.(Unfav.)
\$ 48,186	\$ 40,771	\$	\$ (7,415)
2,603,422	2,603,422		-0-
12,000	11,654		(346)
105,000	105,000		-0-
270,000	270,000		-0-
150,512	150,512		-0-
117,500	113,506		(3,994)
12,000	31,271		19,271
10,856	43,243		32,387
<u>3,329,476</u>	<u>3,369,379</u>	<u>-0-</u>	<u>39,903</u>
1,621,793	1,568,933		52,860
310,552	285,686		24,866
405,000	384,685		20,315
227,975	213,951		14,024
17,340	10,884		6,456
89,958	71,480		18,478
12,500	12,370		130
54,611	40,329		14,282
47,745	38,375		9,370
14,660	14,634		26
8,000	6,319		1,681
58,000	57,800		200
242,451	197,864		44,587
1,650	1,627		23
112,141	48,790		63,351
10,000	5,360		4,640
21,795	14,455		7,340
31,700	7,199		24,501
<u>3,287,871</u>	<u>2,980,741</u>	<u>-0-</u>	<u>307,130</u>
<u>41,605</u>	<u>388,638</u>	<u>\$ -0-</u>	<u>\$ 347,033</u>
<u>89,112</u>			
<u>-0-</u>	<u>334,058</u>		
<u>\$ 130,717</u>	<u>\$ 722,696</u>		

TOMPKINS COUNTY PUBLIC LIBRARY
 SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2008

<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>
1/1/2008	\$ <u>-0-</u>	\$ <u>3,711,182</u>	\$ <u>3,771,182</u>	0.0%	\$ <u>1,846,314</u>	201.0%

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008

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 ensuring that 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, 2008.

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 first year of implementation, only one year of information is presented for the year ending December 31, 2008.

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& Company, LLP**

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**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 years ended December 31, 2008 and 2007, which collectively comprise the Library's basic financial statements and have issued our report thereon dated July 8, 2009. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 Tompkins County Public Library's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Library's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Library's financial statements that is more than inconsequential will not be prevented or detected by the Library's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Library's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

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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 July 8, 2009.

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

A handwritten signature in cursive script that reads "Lisa Dietershagen, Little, Ninkens & Company, CPA".

July 8, 2009
Ithaca, New York