

TOMPKINS COUNTY PUBLIC LIBRARY

Ithaca, New York

FINANCIAL REPORT

December 31, 2014 and 2013

TOMPKINS COUNTY PUBLIC LIBRARY
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Tompkins County Public Library
Ithaca, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit and the general fund of Tompkins County Public Library (the Library), a component unit of the County of Tompkins, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit and the general fund of the Library, as of December 31, 2014 and 2013, and the respective changes in financial position, where applicable thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information and Schedule of Funding Progress on pages 3 through 3g and 20 through 22 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2015, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



May 19, 2015
Ithaca, New York

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

The following is a discussion and analysis of Tompkins County Public Library's (the Library) financial performance for the fiscal years ended December 31, 2014 and 2013. This section is a summary of the Library's financial activities based on currently known facts, decisions or conditions. It is also based on both the Government-wide and Fund-based Financial Statements. The results of the current year are discussed in comparison with the two prior years, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the Library's financial statements, which immediately follow this section.

COMPONENT UNIT

The Library follows Governmental Accounting Standards Board (GASB) Statement No. 39, "Determining Whether Certain Organization are Component Units" and Statement No. 61, "The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34," which provide guidance to determine whether certain organizations for which the Library is not financially accountable should be reported as component units based on the significance of their relationship with the Library. The decision to include potential component units in the Library's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on these criteria, the Library includes one separate legal entity in its report - the Tompkins County Public Library Foundation, Inc. Although legally separate, this organization is reported as a discretely presented component unit. If you need information about the separately issued financial statements, contact the Tompkins County Public Library Foundation, Inc. in Ithaca, New York.

FINANCIAL HIGHLIGHTS

- Expenses exceeded revenues in 2014 by \$532,042 compared to 2013, when expenses exceeded revenues by \$494,305. This is primarily the result of the requirement to record GASB No. 45 other postemployment benefits expense of \$509,255 and \$526,415 for 2014 and 2013, respectively.
- Net (deficit) for the year ended December 31, 2014 was \$(2,382,090), reflecting a decrease in net position from a net (deficit) of \$(1,850,048) at December 31, 2013. The Library's net (deficit) for the year ended December 31, 2013 increased by \$(494,305), from \$(1,355,743) at December 31, 2012, to \$(1,850,048). The deficit increases were primarily due to reporting requirements for other postemployment benefits liability.
- Total fund balance of \$439,801 in the General Fund showed a decrease of \$(59,674) in 2014, from \$499,475 in 2013, with a decrease of \$(41,276) in 2013. Of the \$439,801, a total of \$173,128 is assigned to support the 2014 budget, \$30,000 is reserved for retirement, and \$16,556 is reserved for equipment replacement, leaving a net unassigned fund balance of \$220,117 or approximately 5.7% of appropriations budgeted for 2015.

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 Position and 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, 2014 and 2013

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 Position and Statement of Activities Columns

The Statement of Net Position 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 Position 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 position and how it has changed. Net position - 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 position is 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 Position 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 position (*Figure 1*) and changes in net position (*Figure 2*) of the Library's Governmental Activities.

Figure 1

Condensed Statement of Net Position	Governmental Activities and Total Library		
	2012	2013	2014
<i>Current assets</i>	\$ 648,045	\$ 581,187	\$ 1,052,359
<i>Capital assets, net</i>	657,664	744,511	773,192
Total Assets	1,305,709	1,325,698	1,825,551
<i>Current liabilities</i>	107,294	81,712	612,558
<i>Noncurrent liabilities</i>	2,554,158	3,094,034	3,595,083
Total Liabilities	2,661,452	3,175,746	4,207,641
<i>Net investment in capital assets</i>	657,664	744,511	773,192
<i>Restricted</i>	44,621	23,800	46,556
<i>Unrestricted net (deficit)</i>	(2,058,028)	(2,618,359)	(3,201,838)
Total Net Position (Deficit)	\$ (1,355,743)	\$ (1,850,048)	\$ (2,382,090)

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

Net capital assets and net investment in capital assets increased in 2014 because of new additions offset by depreciation expense exceeding capital outlay. Restricted net position increased primarily due to additions to the reserve for retirement. The net effect of the Library's activities resulted in decreases in unrestricted net (deficit) of \$(583,479) and \$(560,331) at December 31, 2014 and 2013, respectively. These decreases in unrestricted net (deficit) were primarily the result of the GASB No. 45 requirement to record other postemployment benefits liability and expense of \$3,469,881. This is also the cause of the deficit of unrestricted net position of \$(3,201,838). Because there is no mechanism for New York State governments to fund this liability, the deficit in unrestricted net position is expected to continue in the immediate future.

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

Figure 2

Changes in Net Position	Governmental Activities and Total Library		
	2012	2013	2014
<i>Revenues:</i>			
<i>State sources</i>	\$ 25,174	\$ 26,409	\$ 66,690
<i>Tompkins County support</i>	2,473,576	2,683,032	2,978,032
<i>City of Ithaca support</i>	14,184	14,319	14,623
<i>Town of Ithaca</i>	20,000	20,000	20,000
<i>CLD grant</i>	83,954	88,071	89,009
<i>Friends of the Library</i>	268,400	273,000	273,000
<i>Library Foundation</i>	123,715	117,202	105,479
<i>Library charges</i>	104,039	94,937	87,997
<i>Other revenue</i>	32,398	42,725	620,001
Total Revenues	3,145,440	3,359,695	4,254,831
<i>Expenses:</i>			
<i>Personnel expenses</i>	3,140,666	3,231,047	3,445,241
<i>Insurance, repairs and maintenance</i>	52,895	56,835	67,170
<i>Supplies and materials</i>	57,873	66,306	51,222
<i>Telephone, postage and printing</i>	42,194	33,537	43,113
<i>Finger Lakes Library System services</i>	59,634	62,000	62,000
<i>Professional dues and fees</i>	183,402	195,561	315,272
<i>Depreciation</i>	312,326	196,561	272,276
<i>Other expenses</i>	9,935	12,153	530,579
Total Expenses	3,858,925	3,854,000	4,786,873
(DECREASE) IN NET POSITION	\$ (713,485)	\$ (494,305)	\$ (532,042)

Total revenues for the Library's Governmental Activities increased in 2014 by \$895,136, or 26.6%, while total expenses also increased \$932,873, or 24.8%. Support from Tompkins County increased by \$295,000 compared to 2013. Expenditures increased primarily due to the increase in salary expense resulting from the settlement of two contracts dating back to 2013, one-time stipends, and regular wage increases.

TOMPKINS COUNTY PUBLIC LIBRARY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

In 2013, total revenues increased by \$214,255, or 6.8%, while total expenses decreased \$(4,925) or 0.1%. Support from Tompkins County increased by \$209,456 compared to 2012. The decrease in expenses was primarily due to decreases in salary, depreciation and other expenses, offset by increases in retirement and health insurance expenses, as well as professional fees and printing.

Figures 3, 4 and 5 present sources of revenue for years ended December 31, 2014, 2013 and 2012.

Figure 3

Sources of Revenue for 2014

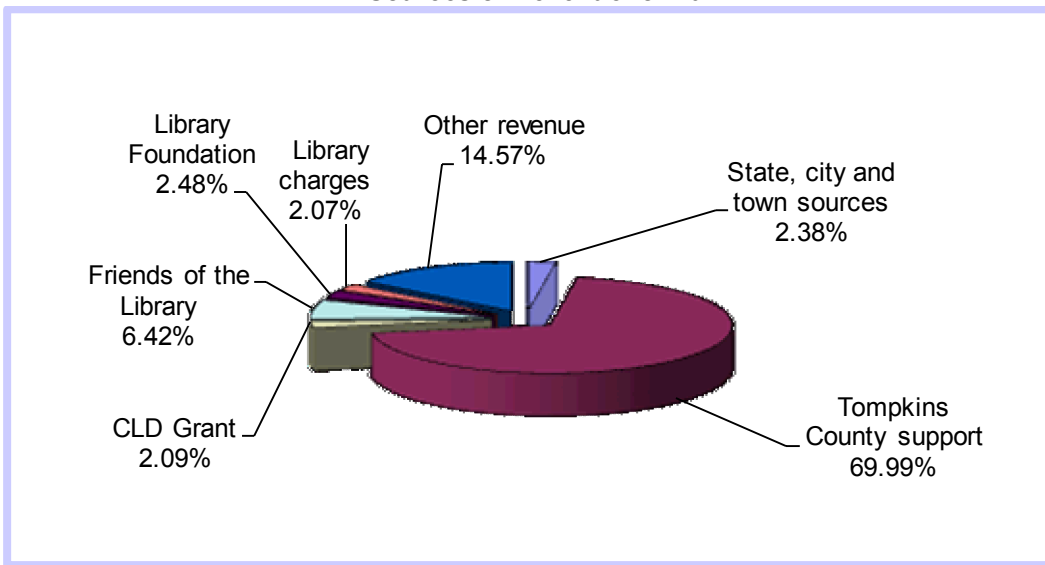
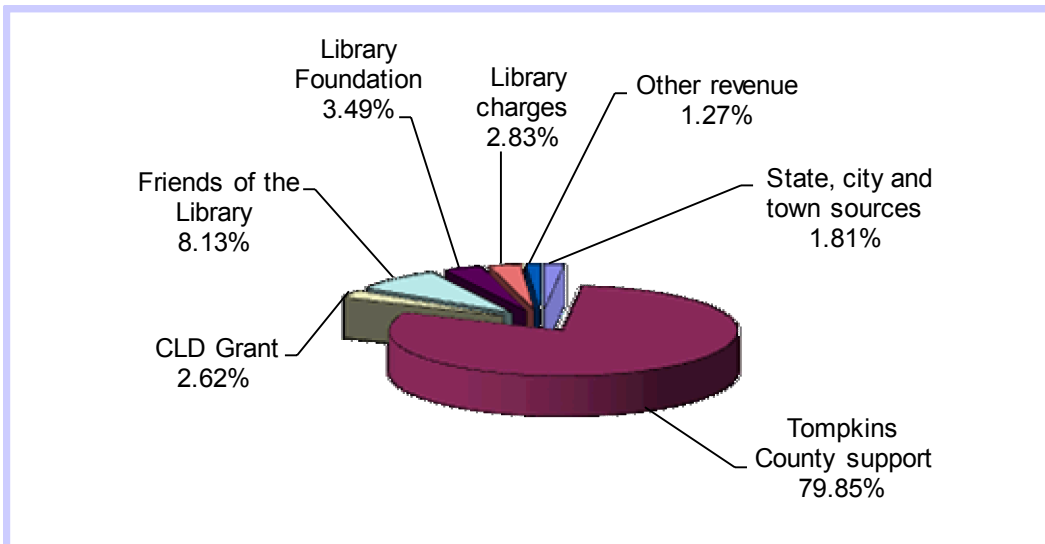


Figure 4

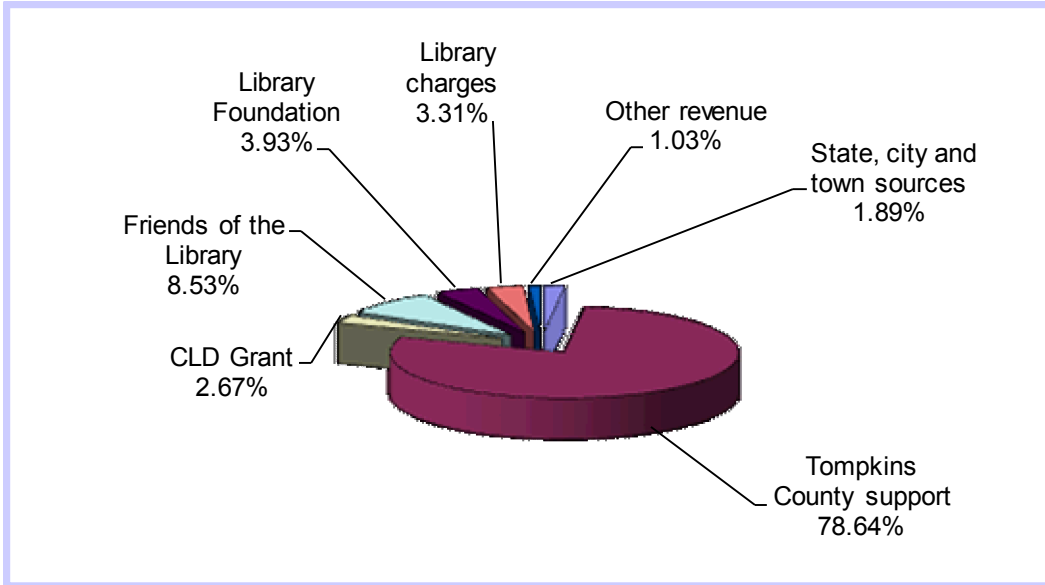
Sources of Revenue for 2013



TOMPKINS COUNTY PUBLIC LIBRARY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

Figure 5

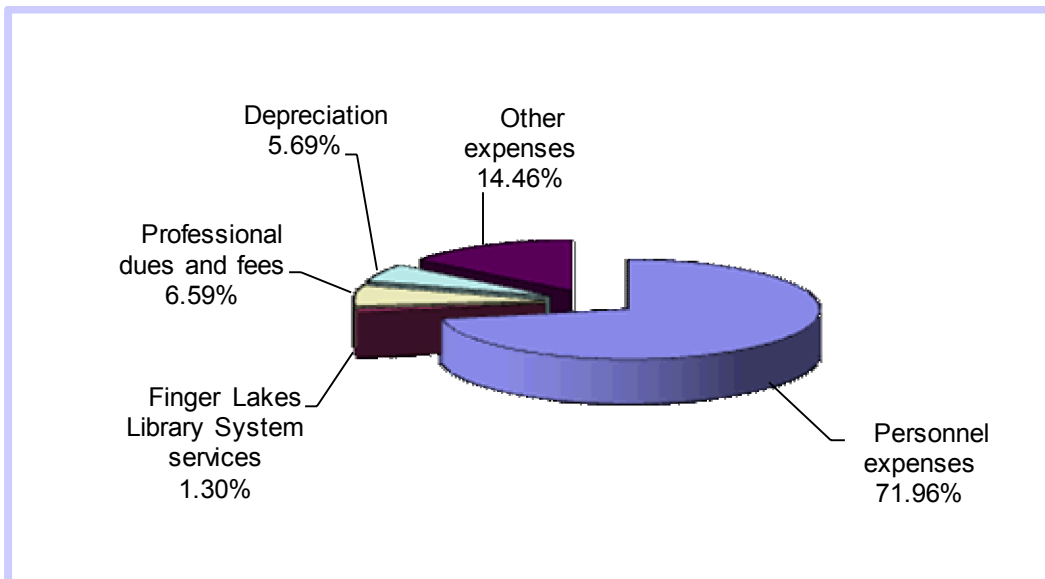
Sources of Revenue for 2012



Figures 6, 7 and 8 present the expenses of the Library for the years ended December 31, 2014, 2013 and 2012.

Figure 6

Expenses 2014



TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

Figure 7

Expenses 2013

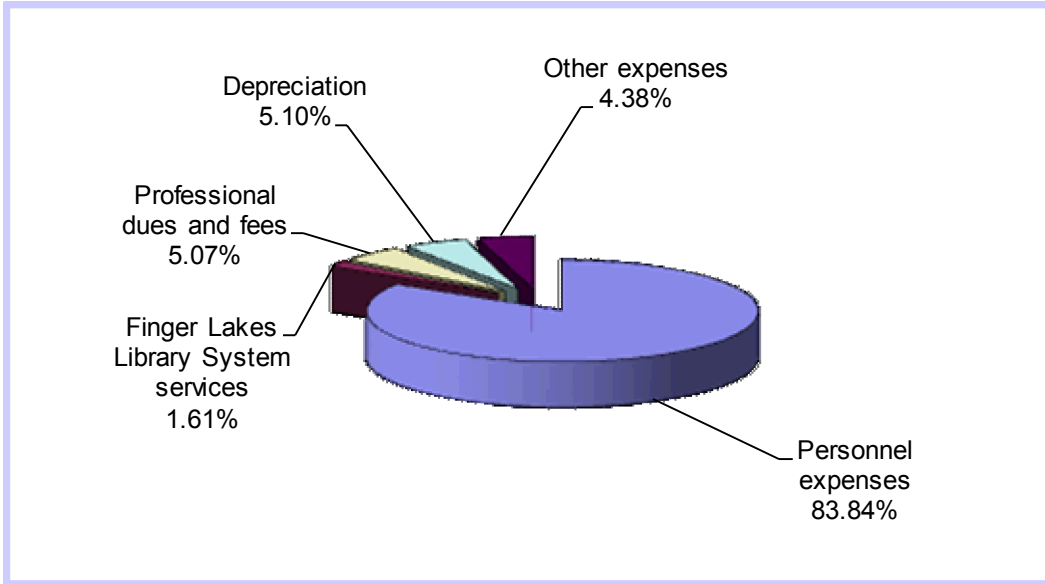
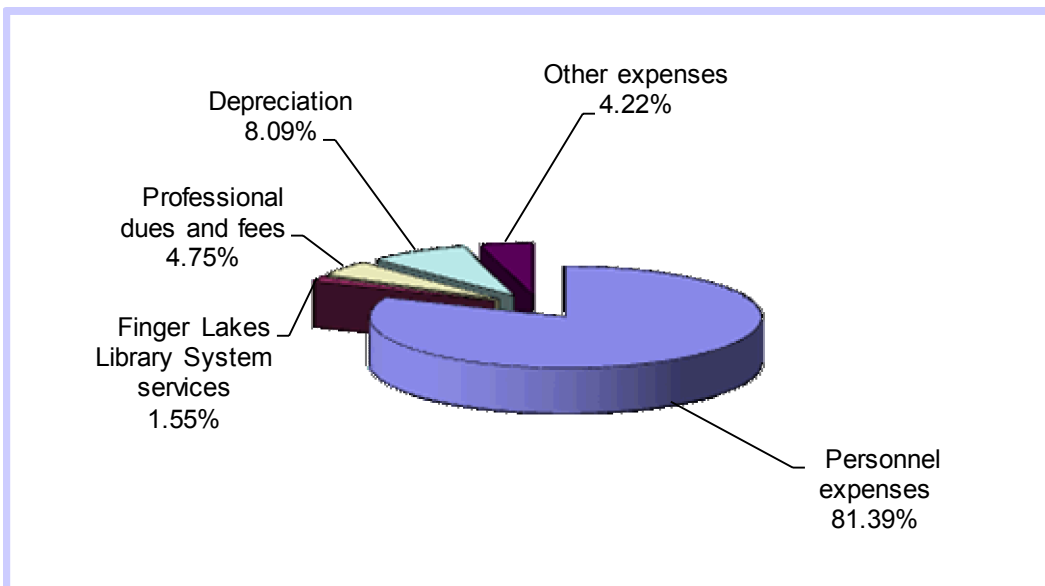


Figure 8

Expenses 2012



TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

FINANCIAL ANALYSIS OF THE LIBRARY'S GENERAL FUND

As the Library completed the year ended December 31, 2014, the General Fund reported a combined fund balance of \$439,801, which is lower than last year's total of \$499,475. Unassigned fund balance was \$220,117 at year end, which is 5.7% of the operating expenditures budgeted for 2015. In 2014, this is within the range of the five to 15% the Government Finance Officer's Association recommends for general-purpose governments, which management believes is appropriate for the Library as well. Unassigned fund balance at December 31, 2013 was \$330,626, which was 8.6% of the 2014 budgeted operating expenditures. The decrease in the unassigned fund balance compared to 2013 is a result of increases in the reserve for retirement and increase in fund balances appropriated for the ensuing year's budget offset by expenditures exceeding revenues in the current year. The amount designated for the subsequent year's expenditures was \$173,128 in 2014, as compared to \$145,049 in 2013. The Library's 2013 General Fund combined fund balance decreased \$(41,276) from \$540,751 to \$499,475.

CAPITAL ASSET ADMINISTRATION

Capital Assets

At the end of December 31, 2014, 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 \$28,681, or 3.9%, while in 2013 there was an increase of \$86,847, or 13.2%. There were additions of \$53,225 and \$49,280 in equipment and \$247,732 and \$234,128 to the collection for years ended 2014 and 2013, respectively. There were retirements of \$164,577 and \$162,426 in the collection and \$972 and \$12,309 retirements of equipment during 2014 and 2013, respectively.

Figure 9

Capital Assets	Governmental Activities and Total Library		
	2012	2013	2014
<i>Equipment</i>	\$ 135,435	\$ 135,223	\$ 167,689
<i>Collection</i>	522,229	609,288	605,503
Total	\$ 657,664	\$ 744,511	\$ 773,192

DEBT AND LONG TERM OBLIGATIONS ADMINISTRATION

The Library's other post employment benefit liability increased by \$509,255 and brought the other post employment benefit liability to \$3,469,881 as of December 31, 2014 as shown in *Figure 10*.

In addition to the other post employment benefit liability, the Library has a \$125,002 liability for compensated absences consisting of the earned and unused portion of the accrued vacation and compensatory time due employees, down \$8,406 to \$125,202 from \$133,408 at December 31, 2013. More detailed information about the Library's liabilities is presented in Notes 2.B1 and 2.B2 to the financial statements.

Figure 10

Major Outstanding Obligations at the Year Ending December 31

	Governmental Activities		
	2012	2013	2014
<i>Other post employment benefit liability</i>	\$ 2,434,211	\$ 2,960,626	\$ 3,469,881
<i>Compensated absences</i>	119,947	133,408	125,202
Total	\$ 2,554,158	\$ 3,094,034	\$ 3,595,083

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

FACTORS BEARING ON THE LIBRARY'S FUTURE

- County funding, the major funding source for the Library, is expected to remain stable in 2015. The Library continues to work in conjunction with Tompkins County to maintain current levels of operation and explore options to close its structural deficit with those potential solutions including a referendum.
- The Library expects state aid to remain stable or slightly increase, but after sustained years of decreased funding and increased operating expenses the overall loss in aid continues to impair services provided to members of the Finger Lakes Library System.
- The Library continues to rely heavily on income from the Friends of the Library, derived from their two annual book sales, to support a majority of the Library collection and collection related expenses. The amount received from the Friends of the Library should remain stable for the near future, but changes in technology and the way people access literary materials may significantly impact book sale revenue in the coming decade.
- Private donor support from donors, foundations and grants channeled through Tompkins County Public Library Foundation are expected to be stable. Foundation funding supports the collection and a number of special programmatic initiatives which otherwise would not be possible.
- The Foundation, under the direction of the Library Board of Trustees, announced publicly in 2014, its campaign for a 21st Century Library with a fundraising goal of \$2.75 million to meet the growing and evolving needs of the community, with major goals being to establish a teen center and learning lab.
- New York State pension liability is expected to continue to decrease in 2015 providing some budget relief, but health insurance costs continue to escalate causing additional pressure on the Library's operational budget.
- Collective bargaining agreements with the Professional Staff Association and the Support Staff Association, both of which are represented by the UAW Local 2300, were negotiated and settled in late 2014 for the period through December 31, 2016. In conjunction with the reorganizational plan approved in November 2013, this has allowed for stable and efficient staffing.
- As a result of new census figures, the State of New York mandates the Library to be open 60 hours per week. The Library has been unable to comply and a waiver was approved in late 2014. The Library board approved a plan in November 2014 to bring the Library into compliance by September 2015.

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 POSITION
DECEMBER 31,

	2014		
	General Fund	Adjustments	Statement of Net Position
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 984,959	\$	\$ 984,959
Accounts receivable	67,400		67,400
Total Current Assets	1,052,359	-0-	1,052,359
Capital assets, net of accumulated depreciation of \$6,243,176 in 2014 and \$6,136,449 in 2013		773,192	773,192
Total Assets	\$ 1,052,359	773,192	1,825,551
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	\$ 555,201		555,201
Accrued liabilities	57,357		57,357
Total Current Liabilities	612,558	-0-	612,558
Compensated absences		125,202	125,202
Other postemployment benefits liability		3,469,881	3,469,881
Total Liabilities	612,558	3,595,083	4,207,641
<u>FUND BALANCE/NET POSITION</u>			
Fund Balances:			
Restricted for:			
Retirement	30,000	(30,000)	
Equipment	16,556	(16,556)	
Total Restricted	46,556	(46,556)	-0-
Assigned	173,128	(173,128)	
Unassigned	220,117	(220,117)	
Total Fund Balance	439,801	(439,801)	-0-
Total Liabilities and Fund Balance	\$ 1,052,359		
Net Position:			
Net investment in capital assets		773,192	773,192
Restricted		46,556	46,556
Unrestricted		(3,201,838)	(3,201,838)
Total Net (Deficit)		\$ (2,382,090)	\$ (2,382,090)

See Independent Auditor's Report and Notes to Financial Statements

2013

General Fund	Adjustments	Statement of Net Position
\$ 488,201	\$	\$ 488,201
<u>92,986</u>		<u>92,986</u>
581,187	-0-	581,187
	<u>744,511</u>	<u>744,511</u>
<u>\$ 581,187</u>	<u>744,511</u>	<u>1,325,698</u>
\$ 34,646		34,646
<u>47,066</u>		<u>47,066</u>
81,712	-0-	81,712
	133,408	133,408
<u>-0-</u>	<u>2,960,626</u>	<u>2,960,626</u>
<u>81,712</u>	<u>3,094,034</u>	<u>3,175,746</u>
7,724	(7,724)	
<u>16,076</u>	<u>(16,076)</u>	
<u>23,800</u>	<u>(23,800)</u>	-0-
145,049	(145,049)	
<u>330,626</u>	<u>(330,626)</u>	
<u>499,475</u>	<u>(499,475)</u>	-0-
<u>\$ 581,187</u>		
	744,511	744,511
	23,800	23,800
	<u>(2,618,359)</u>	<u>(2,618,359)</u>
	<u>\$ (1,850,048)</u>	<u>\$ (1,850,048)</u>

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

ASSETS

	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash and cash equivalents	\$ 279,633	\$ 168,345
Restricted cash	48,543	39,457
Unconditional promises to give	<u>65,928</u>	<u>40,709</u>
Total Current Assets	394,104	248,511
Restricted cash and cash equivalents	79,891	39,260
Long-term investments	1,712,680	1,735,711
Long-term unconditional promises to give, net	932,846	236,571
Equipment, net of accumulated depreciation of \$4,892 and \$4,629, respectively	<u>61</u>	<u>324</u>
Total Assets	<u>\$ 3,119,582</u>	<u>\$ 2,260,377</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable - Tompkins County Public Library	\$ 24,731	\$ 90,345
Accounts payable and accrued liabilities	<u>23,123</u>	<u>11,814</u>
Total Current Liabilities	<u>47,854</u>	<u>102,159</u>
Net Assets:		
Unrestricted:		
Board designated	982,236	982,236
Undesignated	<u>412,925</u>	<u>306,560</u>
Total Unrestricted	1,395,161	1,288,796
Temporarily restricted	1,089,613	314,510
Permanently restricted	<u>586,954</u>	<u>554,912</u>
Total Net Assets	<u>3,071,728</u>	<u>2,158,218</u>
Total Liabilities and Net Assets	<u>\$ 3,119,582</u>	<u>\$ 2,260,377</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.

	2014		
	General Fund	Adjustments	Statement of Activities
Revenue:			
State sources	\$ 66,690	\$	\$ 66,690
Tompkins County	2,978,032		2,978,032
City of Ithaca	14,623		14,623
Town of Ithaca	20,000		20,000
Central Development Library grant	89,009		89,009
Friends of TCPL	273,000		273,000
TCPL Foundation	105,479		105,479
Gifts and donations		2,400	2,400
Library charges	87,997		87,997
Use of money and property	1,588		1,588
Other revenue	616,013		616,013
Total Revenue	4,252,431	2,400	4,254,831
Expenditure/Expenses:			
Salaries	1,856,968	(8,206)	1,848,762
Fringe benefits	503,092	509,255	1,012,347
Health insurance	584,132		584,132
Books	153,777	(153,777)	-0-
Periodicals	9,019		9,019
AV/CD ROM materials	91,555	(91,555)	-0-
Insurance	15,329		15,329
Repairs and maintenance	51,841		51,841
Supplies and materials	34,711		34,711
Telephone	14,993		14,993
Postage	2,997		2,997
Finger Lakes Library System services	62,000		62,000
Professional fees	313,867		313,867
Membership dues	1,405		1,405
Equipment	60,717	(53,225)	7,492
Staff development	8,947		8,947
Publicity and printing	25,123		25,123
Depreciation		272,276	272,276
Miscellaneous	521,632		521,632
Total Expenditures/Expenses	4,312,105	474,768	4,786,873
Excess of (Expenditures/Expenses)	(59,674)	(472,368)	(532,042)
Fund Balance/Net Position (Deficit):			
January 1,	499,475	(2,349,523)	(1,850,048)
December 31,	\$ 439,801	\$ (2,821,891)	\$ (2,382,090)

See Independent Auditor's Report and Notes to Financial Statements

2013

2013		
General Fund	Adjustments	Statement of Activities
\$ 26,409	\$	\$ 26,409
2,683,032		2,683,032
14,319		14,319
20,000		20,000
88,071		88,071
273,000		273,000
117,202		117,202
	2,400	2,400
94,937		94,937
1,206		1,206
39,119		39,119
3,357,295	2,400	3,359,695
1,666,666	13,461	1,680,127
485,034	526,415	1,011,449
539,471		539,471
144,707	(144,707)	-0-
10,054		10,054
87,021	(87,021)	-0-
14,882		14,882
41,953		41,953
44,143		44,143
15,270		15,270
2,581		2,581
62,000		62,000
193,252		193,252
2,309		2,309
61,389	(49,280)	12,109
5,343		5,343
15,686		15,686
	196,561	196,561
6,810		6,810
3,398,571	455,429	3,854,000
(41,276)	(453,029)	(494,305)
540,751	(1,896,494)	(1,355,743)
\$ 499,475	\$ (2,349,523)	\$ (1,850,048)

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

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support:				
Contributions	\$ 231,950	\$ 1,001,050	\$ 32,042	\$ 1,265,042
Revenues:				
Interest income	93			93
Dividend income	13,322	11,900		25,222
Capital gain distributions	19,424	17,461		36,885
Gain on sale of investments	69,220			69,220
Unrealized gain on fair value of investments	(95,790)			(95,790)
Net assets reclassified due to investment (losses)	(1,143)	1,143		-0-
In-kind contributions	10,282			10,282
Net assets released from restrictions	256,451	(256,451)		-0-
Total Support and Revenues	503,809	775,103	32,042	1,310,954
Expenses:				
Program services	120,202			120,202
Management and general	115,939			115,939
Fundraising	161,303			161,303
Total Expenses	397,444	-0-	-0-	397,444
CHANGE IN NET ASSETS	106,365	775,103	32,042	913,510
Net Assets, January 1,	1,288,796	314,510	554,912	2,158,218
Net Assets, December 31,	\$ 1,395,161	\$ 1,089,613	\$ 586,954	\$ 3,071,728

See Independent Auditor's Report and Notes to Financial Statements

2013

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 365,709	\$ 193,034	\$ 24,501	\$ 583,244
24			24
16,435	18,487		34,922
6,850	6,291		13,141
99,054			99,054
71,467			71,467
(2,609)	2,609		-0-
7,729			7,729
64,888	(64,888)		-0-
<u>629,547</u>	<u>155,533</u>	<u>24,501</u>	<u>809,581</u>
130,028			130,028
101,053			101,053
113,716			113,716
<u>344,797</u>	<u>-0-</u>	<u>-0-</u>	<u>344,797</u>
284,750	155,533	24,501	464,784
<u>1,004,046</u>	<u>158,977</u>	<u>530,411</u>	<u>1,693,434</u>
<u>\$ 1,288,796</u>	<u>\$ 314,510</u>	<u>\$ 554,912</u>	<u>\$ 2,158,218</u>

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

The Library is a component unit of Tompkins County (the County). The Library was established in 1968 by the County Board of Supervisors and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The 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 Library was established to provide public access to various published mediums including books, periodicals, reference materials and various audiovisual materials. The Library is a member of the Finger Lakes Library System which provides a cooperative network of libraries through which library resources may be acquired and exchanged. The Library is chartered to serve the County and, as a Central Library, is partially funded by New York State to extend services to residents of Cayuga, Seneca, Cortland, and Tioga Counties.

1. Discretely Presented Component Units

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units," and GASB State No. 61, "The Financial Reporting Entity: Omnibus."

- a. The primary government, which is the Library.
- b. Organization for which the primary government is financially accountable, and
- c. Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39 and 61, including legal standing, fiscal dependency, and financial accountability. Based on the applications of these criteria, the following is included as a discretely presented component unit:

Tompkins County Library Foundation, Inc.

The Tompkins County Library Foundation, Inc. (the Foundation) is a not-for-profit corporation established for the benefit of the Library. Its separately issued financial statements may be obtained from the Foundation in Ithaca, New York. Three of the nine to 15 directors of the Board of Directors are nominated by the Library Board. The Foundation solicits, accepts, holds, invests, reinvests and administers any gifts, grants, bequests, contributions, devices, benefits or trusts, endowments and property of any kind without limitation of amount or value. Approximately three-quarters of the Foundation's assets are currently invested in endowment funds. The Foundation makes payments to the Library as pledges and other revenue are collected, and after operating expenses of the Foundation are paid.

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

B. Basis of Presentation - Fund Accounting

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

The Statement of Net Position 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 position from the current year's activities.

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

The Library records transactions in the fund types described below:

1. 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 the Governmental Fund. The measurement focus of the Governmental Fund is based upon determination of financial position and changes in financial position. The following is the Library's Governmental Fund Type:

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

C. Basis of Accounting/Measurement Focus

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

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

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Library considers all revenues reported in the Governmental Fund 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 the Governmental Fund. 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, 2014 and 2013

D. Equity Classifications

1. Governmental Fund Balance

The Library follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Statement No. 54 changes the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- **Nonspendable**
Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- **Restricted**
Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the Library's legally adopted reserves are reported here.
- **Committed**
Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority, which is the Board of Trustees, prior to the end of the fiscal year, which requires the same level of formal action to remove said constraint.
- **Assigned**
Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, which is the Board of Trustees, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund.
- **Unassigned**
Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The Library has not adopted any resolutions to commit fund balance. The Library's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

2. Statement of Net Position

In the Statements of Net Position, equity is classified as net position and displayed in three components:

a) Net Investment in Capital Assets

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

b) Restricted

Consists of resources 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.

c) Unrestricted

Consists of all other resources that do not meet the definition of "invested in capital assets, net of related debt" or "restricted."

E. Vacation and Compensatory Absences

Library employees are granted vacation and earn compensatory absences in varying amounts. Four weeks of vacation time is earned by each full-time, permanent and provisional employee. Benefits accrue upon commencement of employment. Upon termination, employees are compensated for unused vacation time up to a maximum of two years. The value of these benefits was approximately \$125,202 and \$133,408 at December 31, 2014 and 2013, respectively.

F. Postemployment Benefits

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

G. Capital Assets

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

H. Accessions and De-accessions

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

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

Gifts of collection items are not recognized as gift revenue in the accompanying Statements of Activities. During 2014 and 2013 there were no proceeds from deaccessions.

I. Revenue

The major source of funding for the Library is appropriations from the County government. The Library also receives contributions from the Foundation and the Friends of Tompkins County Public Library. County appropriations are a significant portion of the Library's support, representing 70% of total revenue, with contributions from the Foundation and Friends of the Library representing 2% and 6%, respectively.

J. Restricted Resources

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

K. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences and useful lives of long-lived assets.

Note 2 - Detail Notes

A. Assets

1. Cash and Investments

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

Collateral (security) is required for demand and time deposits, and certificates of deposit not covered by Federal Deposit Insurance at 105%. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State, 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.

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned. While the Library does not have a specific policy for custodial credit risk, New York State statutes govern Library investment policies as discussed previously in these notes. GASB 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 \$1,020,854 and \$487,226 for the years ended December 31, 2014 and 2013, respectively, are either insured or collateralized with securities held by the pledging financial institution in the Library's name.

2. Accounts Receivable

Accounts receivable consisted of the following at December 31,:

	<u>2014</u>	<u>2013</u>
Due from TCPL Foundation	\$ 24,624	\$ 90,345
Due from TCPL Foundation - Postage	107	-0-
State Legislative Grant	40,000	-0-
Other	<u>2,669</u>	<u>2,641</u>
 Total Accounts Receivable	 <u>\$ 67,400</u>	 <u>\$ 92,986</u>

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

3. Capital Assets

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

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

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

Capital assets consisted of the following at December 31,:

	2014			
	Balance at 12/31/13	Additions	Retirements	Balance at 12/31/14
Historical Cost:				
Equipment	\$ 1,395,059	\$ 53,225	\$ (972)	\$ 1,447,312
Collection	5,485,901	247,732	(164,577)	5,569,056
Total Historical Cost	6,880,960	300,957	(165,549)	7,016,368
Less Accumulated Depreciation:				
Equipment	(1,259,836)	(20,759)	972	(1,279,623)
Collection	(4,876,613)	(251,517)	164,577	(4,963,553)
Total Accumulated Depreciation	(6,136,449)	(272,276)	165,549	(6,243,176)
 Total Capital Assets, Net	 \$ 744,511	\$ 28,681	\$ -0-	\$ 773,192
	2013			
	Balance at 12/31/12	Additions	Retirements	Balance at 12/31/13
Historical Cost:				
Equipment	\$ 1,358,088	\$ 49,280	\$ (12,309)	\$ 1,395,059
Collection	5,414,199	234,128	(162,426)	5,485,901
Total Historical Cost	6,772,287	283,408	(174,735)	6,880,960
Less Accumulated Depreciation:				
Equipment	(1,222,653)	(49,492)	12,309	(1,259,836)
Collection	(4,891,970)	(147,069)	162,426	(4,876,613)
Total Accumulated Depreciation	(6,114,623)	(196,561)	174,735	(6,136,449)
 Total Capital Assets, Net	 \$ 657,664	\$ 86,847	\$ -0-	\$ 744,511

Depreciation on all capital assets is computed on the straight-line basis over the estimated useful lives of the assets. Depreciation expense amounted to \$272,276 and \$196,561 for the years ended December 31, 2014 and 2013, respectively.

B. Liabilities

1. Compensated Absences

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

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

Balance at 12/31/13	Additions	Payments	Balance at 12/31/14
\$ 133,408	\$ -0-	\$ (8,206)	\$ 125,202

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

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

2. Other Postemployment Benefits

The Library complies with GASB Statement No. 45 "Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions."

An actuarial valuation of the Library's Retiree Healthcare Plan (Plan) was performed as of January 1, 2012 for the fiscal year ending December 31, 2014 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. 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.

Prescription co-payments and contribution requirements of Plan members and the Library are established and may be amended by the Library subject to applicable collective bargaining and employment agreements. The Library has negotiated collective bargaining agreements which include obligations of Plan members and the Library. Required contribution is based on projected "pay-as-you-go" financing requirements. For the year ended December 31, 2014, the Library's expected contributions were \$86,880 to the Plan for current premiums of 16 retirees, compared to \$83,942 in 2013. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit.

The Library's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years.

The following table shows 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	\$	311,798
Amortization of UAAL		352,622
Total Annual Required Contribution		<u>664,420</u>
Interest on net OPEB obligation		118,425
Adjustment to annual required contribution		<u>(186,710)</u>
Annual OPEB Cost (Expense)		596,135
Contributions expected on behalf of 16 employees		<u>(86,880)</u>
Increase in Net OPEB Obligation		509,255
 Net OPEB Obligation - January 1, 2014		 <u>2,960,626</u>
 Net OPEB Obligation - December 31, 2014	 \$	 <u><u>3,469,881</u></u>

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2012, 2013 and 2014 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2014	\$ 596,135	13.6%	\$ 3,469,881
12/31/2013	610,357	13.8%	2,960,626
12/31/2012	576,678	10.7%	2,434,211

As of December 31, 2014, the Plan was not funded. The actuarial accrued liability for benefits was \$5,376,397. There are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,856,968 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 290% 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.

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 Plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. Actuarial assumptions included an annual medical cost trend rate of 5% initially, increased by increments to an ultimate rate of 6% after ten years. The rate included 2.9% inflation rate and 4% discount rate assumptions.

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

C. Fund Balances and Net Position

1. Fund Balance Detail

At December 31, 2014 and 2013, restricted and assigned fund balance in the governmental funds was as follows:

	2014	2013
<u>Restricted:</u>		
Reserve for retirement	\$ 30,000	\$ 7,724
Reserve for equipment	16,556	16,076
Total Restricted Fund Balance	\$ 46,556	\$ 23,800
<u>Assigned:</u>		
Appropriated for next year's budget	\$ 173,128	\$ 145,049
Total Assigned Fund Balance	\$ 173,128	\$ 145,049

2. Reconciliation between Restricted Fund Balance and Restricted Net Position

No reconciliation between restricted fund balances and restricted net position is required because there are no unspent debt proceeds or other differences between restricted fund balances in the General Fund and restricted net position in the Statements of Net Position.

3. Restricted Fund Balances

Portions of restricted fund balance are restricted and are not available for current expenditures as reported in the Governmental Funds Balance Sheet. Balances and activity for the year ended December 31, of the General Fund restricted reserves were as follows:

2014				
General Fund Restricted Fund Balance	Beginning Balance	Additions	Appropriated	Ending Balance
Reserved for retirement	\$ 7,724	\$ 67,177	\$ 44,901	\$ 30,000
Reserved for equipment	16,076	480		16,556
Total Restricted Fund Balance	\$ 23,800	\$ 67,657	\$ 44,901	\$ 46,556
2013				
General Fund Restricted Fund Balance	Beginning Balance	Additions	Appropriated	Ending Balance
Reserved for retirement	\$ 21,435	\$ 40,364	\$ 54,075	\$ 7,724
Reserved for equipment	23,186	435	7,545	16,076
Total Restricted Fund Balance	\$ 44,621	\$ 40,799	\$ 61,620	\$ 23,800

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

Note 3 - Pension Plans

A. General Information

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

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

B. Funding Policy

ERS is noncontributory except for employees who joined after July 27, 1976 and have fewer than ten years of credited service. These members contribute 3% of their salary. Those joining on or after January 1, 2010 and before April 1, 2012 are required to contribute 3% of their annual salary for their entire working career. Those joining the System on or after April 1, 2012 are required to contribute between 3% and 6%, dependent on salary, for their entire working career. Under the authority of the New York State Retirement and Social Security Law, the Comptroller shall certify annually the rates expressed as proportions of payroll of members which shall be used in computing the contributions required to be made by the employer to the Pension Accumulation Fund.

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

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

	<u>ERS</u>
2014	\$ 288,556
2013	320,152
2012	265,631

ERS's pension relief legislation (New York State Chapter 620, Laws of 2004) was enacted to provide employers with relief in payment of their annual ERS cost. This legislation provides several options to employers, including delaying their payments from December 15 to February 6 of the ensuing year, payment of a portion of their cost over an amortized period, and the means to issue serial bonds to provide funding for the employer's liability. In addition, the employer was given the option of making full payment on December 15 at a discounted amount. The County exercised its option of making payment on December 15, 2014, equal to 100% of the contributions required for the year.

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 and 2013

The New York State Legislature has authorized local governments to make available retirement incentive programs. The County participates in early retirement programs when they are offered and has elected to pay the related cost over a five year amortization period, which includes interest at rates ranging from 8% to 8.5%. There was no remaining liability for these incentive programs at December 31, 2014.

Note 4 - Donated Services

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

Note 5 - Related Parties

The Library received contributions of \$273,000 and \$273,000 from the Friends of the Tompkins County Public Library for the years ended December 31, 2014 and 2013, respectively.

Note 6 - Component Unit Transactions

The Library received contributions of \$105,479 and \$117,202 from the Foundation for the years ended December 31, 2014 and 2013, respectively, which are reported in the financial statements. In addition, the Library received \$5,238 and \$3,929 in-kind contribution of materials for the years ended December 31, 2014 and 2013, respectively, which are not reflected in the financial statements of the Library.

The County contributed \$2,978,032 and \$2,683,032 to the Library for the years ended December 31, 2014 and 2013, respectively, which are reported in the financial statements. Additionally for 2014 and 2013, respectively, the County provided debt service of \$485,060 and \$485,118 on the building occupied by the Library, which is not reflected in the financial statements of the Library.

Note 7 - Deficit Unrestricted Net Position

Unrestricted net position in the Government-wide Statement of Net Position shows a deficit balance of \$(3,201,838) for the year ended December 31, 2014. The deficit stems from the required recording of other postemployment benefits expense and liability in the Government-wide statements. Currently, there is no mechanism for governments in New York State to fund this liability. Therefore, the liability and unrestricted net deficit are expected to continue for the immediate future.

Note 8 - Commitments and Contingencies

A. Risk Financing and Related Insurance

The Library is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

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

	2014			Variance Fav.(Unfav.)
	Modified Budget	Actual	Encumbrances	
Revenue:				
State sources	\$ 66,690	\$ 66,690	\$	\$ -0-
Tompkins County	2,978,032	2,978,032		-0-
City of Ithaca	14,604	14,623		19
Town of Ithaca	20,000	20,000		-0-
Central Library Development grant	89,009	89,009		-0-
Friends of TCPL	273,000	273,000		-0-
TCPL Foundation	105,479	105,479		-0-
Gifts and donations				-0-
Library charges	95,875	87,997		(7,878)
Use of money and property	1,000	1,588		588
Other revenues	614,694	616,013		1,319
Total Revenue	4,258,383	4,252,431	-0-	(5,952)
Expenditures:				
Salaries	1,856,983	1,856,968		15
Fringe benefits	560,946	503,092		57,854
Health insurance	612,735	584,132		28,603
Books	163,416	153,777		9,639
Periodicals	13,419	9,019		4,400
AV/CD ROM materials	104,846	91,555		13,291
Insurance	15,329	15,329		-0-
Repairs and maintenance	51,977	51,841		136
Supplies and materials	45,000	34,711		10,289
Telephone	16,000	14,993		1,007
Postage	3,000	2,997		3
Finger Lakes Library System services	62,000	62,000		-0-
Professional fees	326,408	313,867		12,541
Membership dues	3,804	1,405		2,399
Equipment	114,854	60,717		54,137
Staff development	9,078	8,947		131
Publicity and printing	43,463	25,123		18,340
Miscellaneous	532,835	521,632		11,203
Total Expenditures	4,536,093	4,312,105	-0-	223,988
Excess of Expenditures Over Revenue	(277,710)	(59,674)	\$ -0-	\$ 218,036
Appropriated Fund Balance	277,710			
Net Change in Fund Balances	\$ -0-			
Fund Balance, January 1,		499,475		
Fund Balance, December 31,		\$ 439,801		

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

2013

Modified Budget	Actual	Encumbrances	Variance Fav.(Unfav.)
\$ 26,409	\$ 26,409	\$	\$ -0-
2,683,032	2,683,032		-0-
14,326	14,319		(7)
20,000	20,000		-0-
88,071	88,071		-0-
273,000	273,000		-0-
117,202	117,202		-0-
			-0-
106,375	94,937		(11,438)
1,000	1,206		206
36,132	39,119		2,987
<u>3,365,547</u>	<u>3,357,295</u>	<u>-0-</u>	<u>(8,252)</u>
1,753,568	1,666,666		86,902
530,597	485,034		45,563
564,350	539,471		24,879
157,883	144,707		13,176
13,979	10,054		3,925
95,002	87,021		7,981
14,884	14,882		2
41,966	41,953		13
55,686	44,143		11,543
15,125	15,270		(145)
2,730	2,581		149
62,000	62,000		-0-
202,168	193,252		8,916
2,489	2,309		180
69,143	61,389		7,754
9,996	5,343		4,653
22,943	15,686		7,257
29,788	6,810		22,978
<u>3,644,297</u>	<u>3,398,571</u>	<u>-0-</u>	<u>245,726</u>
<u>(278,750)</u>	<u>(41,276)</u>	<u>\$ -0-</u>	<u>\$ 237,474</u>
<u>278,750</u>			
<u>\$ -0-</u>			
	<u>540,751</u>		
	<u>\$ 499,475</u>		

TOMPKINS COUNTY PUBLIC LIBRARY
 SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Year Ended December 31,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2014	1/1/2014	\$ -0-	\$ 5,376,397	\$ 5,376,397	0.0%	\$ 1,856,968	290%
2013	1/1/2012	\$ -0-	\$ 5,484,063	\$ 5,484,063	0.0%	\$ 1,666,666	329%
2012	1/1/2012	\$ -0-	\$ 5,043,968	\$ 5,043,968	0.0%	\$ 1,686,350	299%
2011	1/1/2010	\$ -0-	\$ 5,381,385	\$ 5,381,385	0.0%	\$ 1,740,164	309%
2010	1/1/2010	\$ -0-	\$ 4,947,753	\$ 4,947,753	0.0%	\$ 1,766,247	280%

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014

Note 1 - Budget Basis of Accounting

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 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 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, 2014.

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.

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.
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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.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
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, in accordance with the 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, the financial statements of the governmental activities, the aggregate discretely presented component unit, and the general fund of Tompkins County Public Library (the Library), a component unit of the County of Tompkins, as of and for the years December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 19, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

A handwritten signature in black ink that reads "Lisa Dietershagen, Little, Ninkler & Company, LLP". The signature is written in a cursive, flowing style.

May 19, 2015
Ithaca, New York