

TOMPKINS COUNTY PUBLIC LIBRARY

Ithaca, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2019 and 2018**



TOMPKINS COUNTY PUBLIC LIBRARY

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INDEPENDENT AUDITORS' REPORT

To the 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 each major fund of the Tompkins County Public Library (the Library), a component unit of the County of Tompkins, as of and for the years ended December 31, 2019 and 2018, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the Tompkins County Public Library Foundation, Inc. (the Foundation), which represent 100% of the assets, net position, and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, are based solely on the report of the other auditors. 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. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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.

Opinions

In our opinion, based on our audit and the report of other auditors, 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 each major fund of the Tompkins County Public Library, as of December 31, 2019 and 2018, and the respective changes in financial position, 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, the budgetary comparison information, Schedules of Library's Contributions - NYSLRS Pension Plan, Schedules of Library's Proportionate Share of Net Pension Liability, Schedule of Changes in the Library's Total OPEB Liability and Related Ratios, and notes to required supplementary information on pages 3-3h, and 35-40 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 August 19, 2020, 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 the effectiveness of the Library's 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.

Respectfully submitted,



Inero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
August 19, 2020

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019, 2018, AND 2017

The following is a discussion and analysis of Tompkins County Public Library's (the Library) financial performance for the years ended December 31, 2019, 2018, and 2017. 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, No. 34", and GASB Statement No. 85, "Omnibus 2017," 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

- For the year ended December 31, 2019, government-wide expenses exceeded revenues by \$289,707 compared to expenses exceeding revenues by \$96,451 at December 31, 2018.
- Net (deficit) for the year ended December 31, 2019 was \$2,791,184, reflecting a decrease in net position from a net (deficit) of \$2,501,477 at December 31, 2018. The Library's net (deficit) for the year ended December 31, 2018 increased by \$96,451, from \$2,405,026 at December 31, 2017, to \$2,501,477.
- Capital Assets decreased by \$24,666 based on \$444,653 in capital additions being more than offset by depreciation expense of \$469,319.
- Total fund balance of \$734,046 in the General Fund showed a decrease of \$6,527 in 2019, from \$740,573 in 2018. Of the \$734,046 fund balance, \$66,581 is in the form of nonspendable resources, representing prepaid expenses, \$156,432 is assigned for next year's budget, leaving a net unassigned fund balance of \$511,033 or approximately 11.3% of appropriations budgeted for 2020.

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019, 2018, AND 2017

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: MD&A (this section), 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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources. 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, deferred outflows of resources, liabilities, and deferred inflows of resources) is one way to measure the Library's financial health or position. Over time, increases or decreases in the Library's net position 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 Position and Statement of Activities columns, additional information in the notes to the financial statements explains the relationship (or differences) between them.

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019, 2018, AND 2017

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

<i>Condensed Statement of Net Position</i>			
	<i>2017</i>	<i>2018</i>	<i>2019</i>
<i>Current Assets</i>	\$ 846,934	\$ 908,834	\$ 904,065
<i>Capital Assets, Net</i>	1,860,592	1,937,672	1,913,006
<i>Total Assets</i>	2,707,526	2,846,506	2,817,071
<i>Pensions</i>	582,664	798,036	437,949
<i>OPEB</i>	79,371	73,363	88,871
<i>Total Deferred Outflows of Resources</i>	662,035	871,399	526,820
<i>Current Liabilities</i>	149,488	168,261	170,019
<i>Noncurrent Liabilities</i>	5,494,522	4,809,195	4,827,499
<i>Total Liabilities</i>	5,644,010	4,977,456	4,997,518
<i>Pensions</i>	130,577	761,009	201,522
<i>OPEB</i>		480,917	936,035
<i>Total Deferred Inflows of Resources</i>	130,577	1,241,926	1,137,557
<i>Net Investment in Capital Assets</i>	1,890,481	1,937,672	1,913,006
<i>Restricted</i>	119,352		
<i>Unrestricted (Deficit)</i>	(4,414,859)	(4,439,149)	(4,704,190)
<i>Total Net Position (Deficit)</i>	\$ (2,405,026)	\$ (2,501,477)	\$ (2,791,184)

Current assets decreased due to decreases in cash accounts, receivables, and prepaid expenses. Net capital assets and net investment in capital assets decreased because depreciation expenses exceeded capital outlay. The fluctuations in deferred outflows and deferred inflows of resources related to pensions are due to the net difference between projected and actual investment earnings on pension plan investments and changes in assumptions. The increase in current liabilities is mainly due to an increase in accrued payroll and payroll taxes, which is partially offset by a decrease in accounts payable. The increase in non-current liabilities is primarily attributable to fluctuations in pension and other postemployment benefits liabilities related to GASB Statements No. 68 and No. 75. The net effect of the Library's activities resulted in changes in net position of \$289,707 and \$96,451 at December 31, 2019 and 2018, respectively. These changes were primarily the result of excess expenses over revenue in both 2019 and 2018.

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019, 2018, AND 2017

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

Figure 2

<i>Changes in Net Position</i>	<i>Governmental Activities and Total Library</i>		
	<i>2017</i>	<i>2018</i>	<i>2019</i>
Revenue			
<i>State Sources</i>	\$ 354,223	\$ 59,766	\$ 29,782
<i>Tompkins County Support</i>	3,403,415	3,559,359	3,618,751
<i>City of Ithaca Support</i>	15,237	16,223	19,947
<i>Town of Ithaca</i>	10,000	10,000	12,000
<i>CLD Grant</i>	98,334	99,272	99,322
<i>Friends of the Library</i>	295,000	300,000	305,000
<i>Library Foundation</i>	881,203	125,904	285,322
<i>Library Charges</i>	61,918	61,144	26,502
<i>Other Revenue</i>	21,468	21,573	20,211
Total Revenue	\$ 5,140,798	\$ 4,253,241	\$ 4,416,837
Expenses			
<i>Personnel Services</i>	\$ 3,694,134	\$ 3,353,900	\$ 3,640,156
<i>Insurance, Repairs, and Maintenance</i>	78,122	78,467	79,278
<i>Supplies and Materials, Periodicals, and Equipment</i>	71,902	64,525	50,190
<i>Telephone, Postage, and Printing</i>	62,415	73,137	72,816
<i>Finger Lakes Library System Services</i>	67,100	67,100	68,400
<i>Professional Dues and Fees</i>	247,179	287,003	297,300
<i>Depreciation</i>	346,383	398,067	469,319
<i>Other Expenses</i>	18,749	27,493	29,085
Total Expenses	\$ 4,585,984	\$ 4,349,692	\$ 4,706,544
CHANGE IN NET POSITION	\$ 554,814	\$ (96,451)	\$ (289,707)

Total revenues for the Library's Governmental Activities increased in 2019 by \$163,596, or 3.9%. State sources decreased based on additional expenditures incurred for state grants related to the renovation project and corresponding recognition of revenue received during 2018. Tompkins County support increased primarily due to an increase in the county's annual appropriation. Revenues from the Library Foundation increased due to increased programming support.

Total expenses for the Library's Governmental Activities increased \$356,852, or 8.2%. Personnel services increased mainly due to a increases in salaries and the employer portion of health insurance. Depreciation expense increased as a result of the addition of capital assets and the leasehold improvements completed in the prior year beginning their depreciation.

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019, 2018, AND 2017

Figures 3, 4, and 5 present sources of revenue for years ended December 31, 2019, 2018, and 2017.

Figure 3

Sources of Revenue for 2019

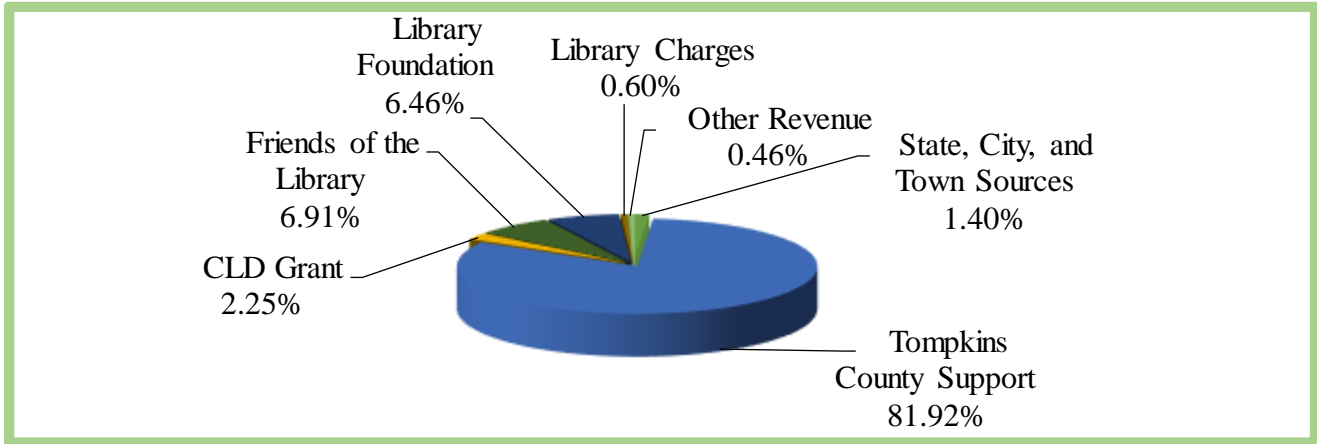
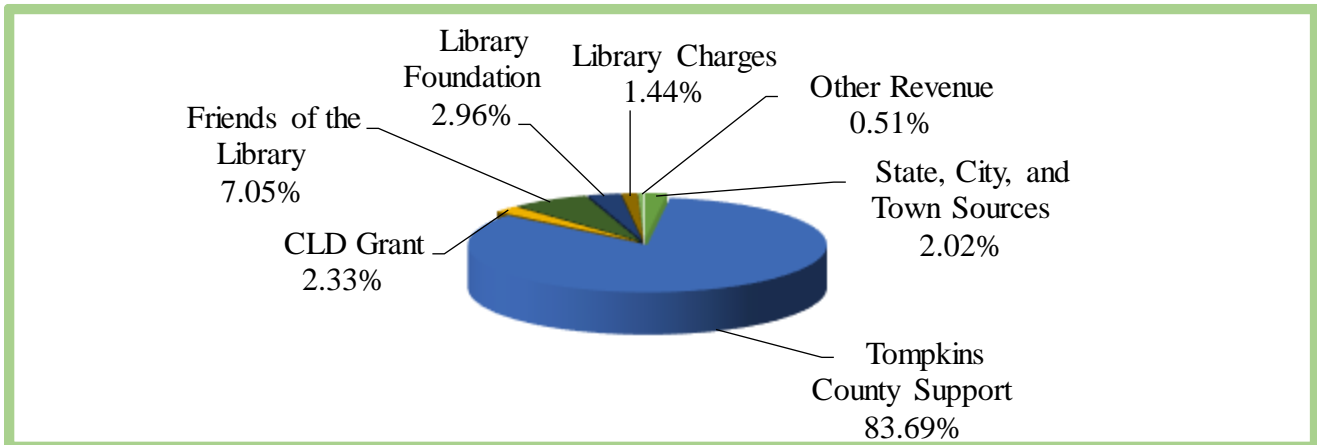


Figure 4

Sources of Revenue for 2018

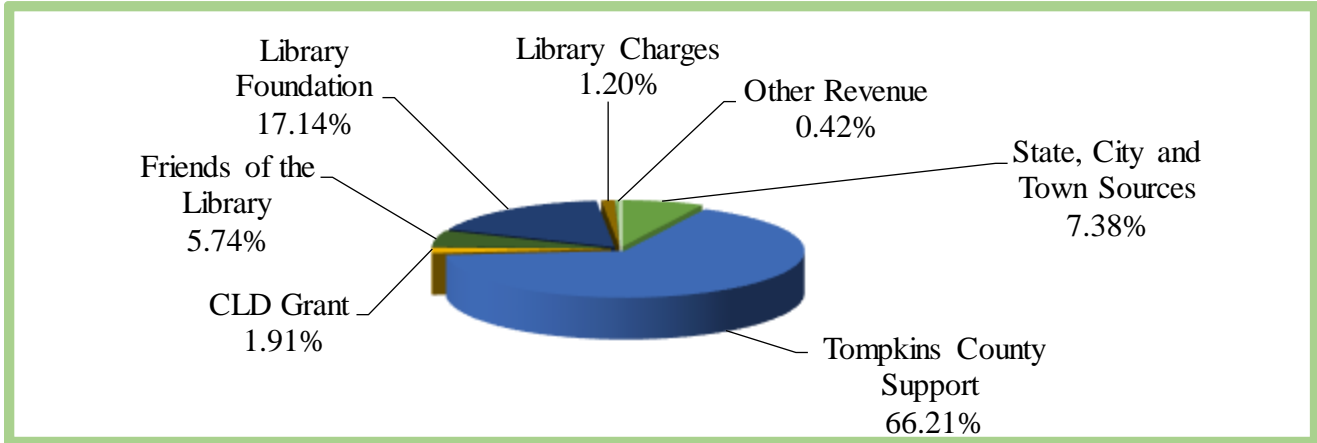


TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019, 2018, AND 2017

Figure 5

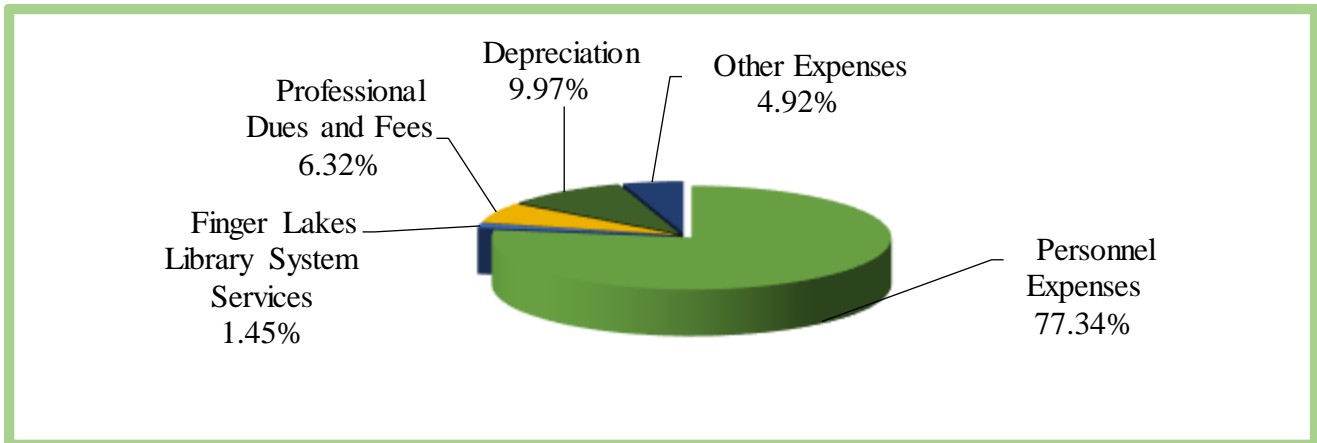
Sources of Revenue for 2017



Figures 6, 7, and 8 present the expenses of the Library for the years ended December 31, 2019, 2018, and 2017.

Figure 6

Expenses 2019



TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019, 2018, AND 2017

Figure 7

Expenses 2018

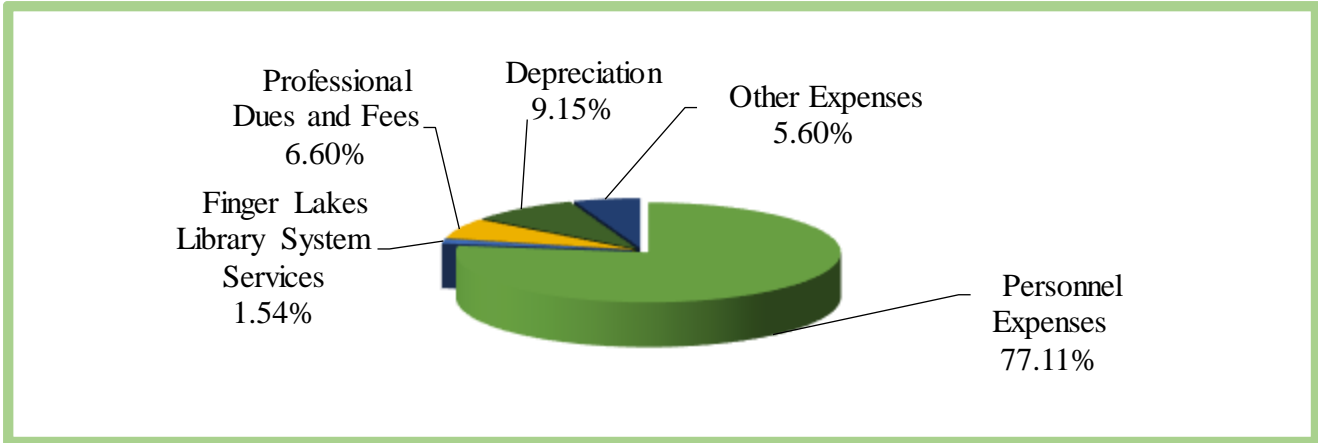
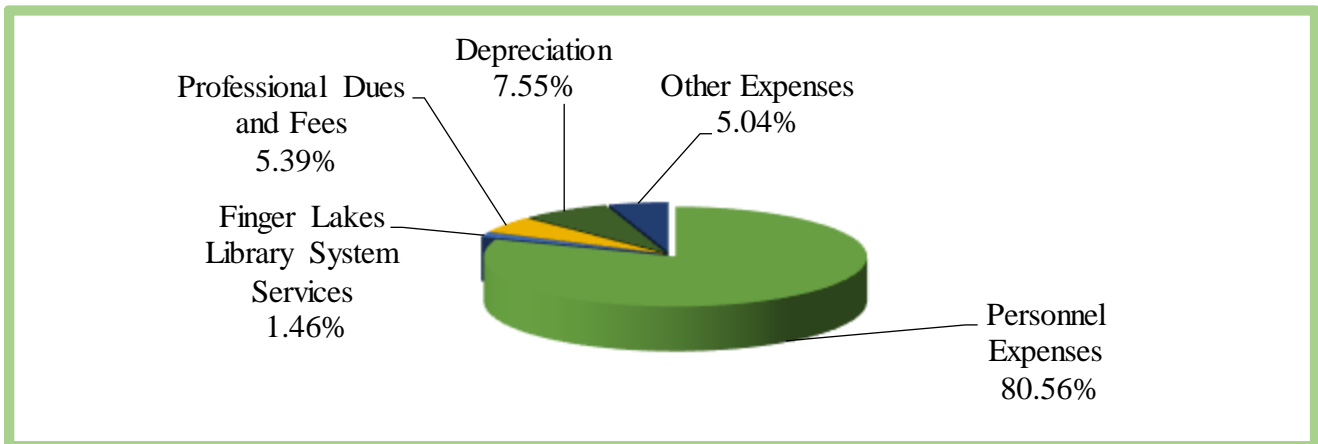


Figure 8

Expenses 2017



TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019, 2018, AND 2017

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

As the Library completed the year ended December 31, 2019, the General Fund reported a combined fund balance of \$734,046 which is lower than last year's total of \$740,573. Unassigned fund balance was \$511,033 at year end, which is 11.3% of the operating expenditures budgeted for 2020. In 2019, this is within the range of the 5-15% 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, 2018 was \$580,961 which was 13.1% of 2019 budgeted operating expenditures. The decrease in unassigned fund balance compared to 2018 is a result of expenditures exceeding revenues during the current year. Nonspendable fund balance was \$66,581 in 2019, as compared to \$69,303 in 2018. The Library's 2017 General Fund combined fund balance increased \$63,423 from \$514,671 to \$578,094. The Library's Capital Fund had no activity in 2019. In 2018, the Capital Fund had a beginning balance of \$119,352 and ended the year with a zero fund balance, reflecting the conclusion of a capital project.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Trustees and management of the Library may revise the Library budget for transfers between categories. The original budget was increased by \$133,188 during 2019, primarily in order to purchase additional equipment.

The resources available for appropriation in the General Fund were \$746 more than budgeted. Expenditures and Other Financing Sources and (Uses) were \$216,224 favorable when compared to budget.

CAPITAL ASSET ADMINISTRATION

Capital Assets

At the end of December 31, 2019, the Library had invested in various types of equipment and machinery. *Figure 9* shows the amount invested in capital assets, net of accumulated depreciation, and shows a net decrease of \$24,666, or 1.3%, while in 2018 there was an increase of \$77,080, or 4.1%. There were additions of \$123,384 and \$164,853 in equipment and \$321,269 and \$277,538 to the collection for years ended 2019 and 2018, respectively. There were retirements of \$179,903 and \$176,883 in the collection and \$-0- and \$-0- retirements of equipment during 2019 and 2018, respectively. Depreciation expense was \$469,319 and \$398,067 for 2019 and 2018, respectively.

Figure 9

<i>Changes in Net Capital Assets, Net</i>	<i>Governmental Activities and Total Library</i>		
	<i>2017</i>	<i>2018</i>	<i>2019</i>
<i>Equipment</i>	\$ 482,458	\$ 489,754	\$ 487,694
<i>Collection</i>	687,623	724,651	738,208
<i>Leasehold Improvements</i>		723,267	687,104
<i>Construction-In-Progress</i>	690,511		
<i>Total Capital Assets, Net</i>	\$ 1,860,592	\$ 1,937,672	\$ 1,913,006

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019, 2018, AND 2017

FACTORS BEARING ON THE LIBRARY'S FUTURE

- COVID-19 will have the most significant impact on Library funding for the foreseeable future.
- Tompkins County Funding in 2020 has been reduced by 25% in the third quarter with an additional 25% cut likely in the fourth. While the library received a Paycheck Protection Program loan in 2020 to offset these losses, a similar 12% overall reduction is proposed for 2021.
- To address this, the Library offered early retirement to all employees aged 55 and over. Five employees accepted that offer, one retired prior to that time, and three vacant positions will not be filled.
- These structural changes are part of an overall plan to reduce expenses as all of our funding sources are indicating similar funding losses of 25% or more in most cases, including the City of Ithaca and New York State. The Town of Ithaca expects to continue to support the library with no increase in funding for 2021.
- The Library adopted a new Strategic Plan in 2019, and our mission and vision influence the limited services we are offering the community during this pandemic. We remain committed to equity and have restructured in a manner that upholds these values while maintaining safety as our first priority.
- The Director and Board of Trustees will continue to sustain the library through the challenges created by COVID-19. Recovery will be a process that encompasses community priorities and staff needs well into the future.

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

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

TOMPKINS COUNTY PUBLIC LIBRARY

STATEMENTS OF NET POSITION AS OF DECEMBER 31,

	2019	2018
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 797,524	\$ 810,621
Accounts Receivable	39,960	28,910
Prepaid Expenses	66,581	69,303
Total Current Assets	904,065	908,834
Noncurrent Assets		
Construction-in-Process	-	-
Capital Assets, Net of Accumulated Depreciation of \$7,170,273 in 2019 and \$6,880,857 in 2018	1,913,006	1,937,672
Total Noncurrent Assets	1,913,006	1,937,672
Total Assets	2,817,071	2,846,506
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	437,949	798,036
OPEB	88,871	73,363
Total Deferred Outflows of Resources	526,820	871,399
LIABILITIES		
Current Liabilities		
Accounts Payable	61,511	74,459
Accrued Liabilities	108,508	93,802
Total Current Liabilities	170,019	168,261
Noncurrent Liabilities		
Compensated Absences	126,634	128,604
Other Postemployment Benefits Liability	4,199,412	4,449,372
Net Pension Liability - Proportionate Share	501,453	231,219
Total Noncurrent Liabilities	4,827,499	4,809,195
Total Liabilities	4,997,518	4,977,456
DEFERRED INFLOWS OF RESOURCES		
Pensions	201,522	761,009
OPEB	936,035	480,917
Total Deferred Inflows of Resources	1,137,557	1,241,926
Net Position		
Net Investment in Capital Assets	1,913,006	1,937,672
Restricted	-	-
Unrestricted	(4,704,190)	(4,439,149)
Total Net (Deficit)	\$ (2,791,184)	\$ (2,501,477)

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants	Capital Grants	
FUNCTIONS/PROGRAMS					
Culture and Recreation	\$ 4,706,544	\$ 26,502	\$ 721,591	\$ 29,782	<u>\$ (3,928,669)</u>
Total Functions and Programs	<u>\$ 4,706,544</u>	<u>\$ 26,502</u>	<u>\$ 721,591</u>	<u>\$ 29,782</u>	<u>(3,928,669)</u>
GENERAL REVENUES					
County Appropriation					<u>3,618,751</u>
Use of Money and Property					<u>4,989</u>
Gifts and Donations					<u>2,400</u>
Miscellaneous					<u>12,822</u>
Total General Revenues					<u>3,638,962</u>
Change in Net Position					(289,707)
Total Net Position (Deficit) - Beginning of Year					<u>(2,501,477)</u>
Total Net Position (Deficit) - End of Year					<u><u>\$ (2,791,184)</u></u>

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Capital Grants	
FUNCTIONS/PROGRAMS					
Culture and Recreation	\$ 4,349,692	\$ 61,144	\$ 551,399	\$ 59,766	\$ (3,677,383)
Total Functions and Programs	\$ 4,349,692	\$ 61,144	\$ 551,399	\$ 59,766	(3,677,383)
 GENERAL REVENUES					
County Appropriation					3,559,359
Use of Money and Property					1,827
Gifts and Donations					2,400
Miscellaneous					17,346
Total General Revenues					3,580,932
Change in Net Position					(96,451)
Total Net Position (Deficit) - Beginning of Year					(2,405,026)
Total Net Position (Deficit) - End of Year					\$ (2,501,477)

TOMPKINS COUNTY PUBLIC LIBRARY

BALANCE SHEET - GOVERNMENTAL FUNDS AS OF DECEMBER 31,

	2019		
	General Fund	Capital Fund	Total Governmental Funds
ASSETS			
Current Assets			
Cash and Cash Equivalents - Unrestricted	\$ 797,524	\$	\$ 797,524
Accounts Receivable	39,960		39,960
Prepaid Expenses	66,581		66,581
Total Current Assets	904,065	-	904,065
Total Assets	\$ 904,065	\$ -	\$ 904,065
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 61,511	\$	\$ 61,511
Accrued Liabilities	108,508		108,508
Total Current Liabilities	170,019	-	170,019
Total Liabilities	170,019	-	170,019
FUND BALANCES			
Nonspendable	66,581		66,581
Assigned	156,432		156,432
Unassigned	511,033		511,033
Total Fund Balances	734,046	-	734,046
Total Liabilities and Fund Balances	\$ 904,065	\$ -	\$ 904,065

See Notes to Basic Financial Statements

2018

General Fund	Capital Fund	Total Governmental Funds
\$ 810,621	\$	\$ 810,621
28,910		28,910
69,303		69,303
<u>908,834</u>	<u>-</u>	<u>908,834</u>
<u>\$ 908,834</u>	<u>\$ -</u>	<u>\$ 908,834</u>
\$ 74,459	\$	\$ 74,459
93,802		93,802
<u>168,261</u>	<u>-</u>	<u>168,261</u>
<u>168,261</u>	<u>-</u>	<u>168,261</u>
69,303		69,303
90,309		90,309
<u>580,961</u>	<u>-</u>	<u>580,961</u>
<u>740,573</u>	<u>-</u>	<u>740,573</u>
<u>\$ 908,834</u>	<u>\$ -</u>	<u>\$ 908,834</u>

TOMPKINS COUNTY PUBLIC LIBRARY

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2019

Fund Balances - Total Governmental Funds **\$ 734,046**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in Governmental Activities, are not financial resources and, therefore, are not reported in the funds.

Total Historical Cost	\$ 9,083,279	
Less Accumulated Depreciation	<u>(7,170,273)</u>	1,913,006

The Library's proportionate share of the collective net pension liability is not reported in the funds.

ERS Net Pension Liability - Proportionate Share	<u>\$ (501,453)</u>	(501,453)
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Deferred outflows of resources represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including other postemployment benefits and pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

Deferred Outflows of Resources - Pension	\$ 437,949	
Deferred Inflows of Resources - Pension	(201,522)	
Deferred Outflows of Resources - OPEB	88,871	
Deferred Inflows of Resources - OPEB	<u>(936,035)</u>	(610,737)

Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.

Compensated Absences	\$ (126,634)	
Other Postemployment Benefits Liability	<u>(4,199,412)</u>	<u>(4,326,046)</u>

Net (Deficit) of Governmental Activities **\$ (2,791,184)**

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC. (DISCRETELY PRESENTED COMPONENT UNIT)

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 857,412	\$ 893,042
Unconditional Promises to Give, Current Portion Net of Allowance for Unfulfilled Pledges of \$2,000 and \$2,000, Respectively	101,950	94,050
Prepaid Expenses	4,813	-
Total Current Assets	<u>964,175</u>	<u>987,092</u>
Restricted Cash and Cash Equivalents	135,478	36,913
Fixed Assets, Net of Accumulated Depreciation	6,741	8,136
Long-Term Investments	2,067,853	2,015,952
Long-Term Unconditional Promises to Give, Net of Discount	60,000	-
Total Assets	<u>\$ 3,234,247</u>	<u>\$ 3,048,093</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Due to Tompkins County Public Library	\$ 39,636	\$ 28,421
Accounts Payable and Accrued Liabilities	13,315	19,129
Total Current Liabilities	<u>52,951</u>	<u>47,550</u>
Net Assets		
Without Donor Restrictions	2,026,383	2,007,995
With Donor Restrictions	1,154,913	992,548
Total Net Assets	<u>3,181,296</u>	<u>3,000,543</u>
Total Liabilities and Net Assets	<u>\$ 3,234,247</u>	<u>\$ 3,048,093</u>

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEARS ENDED DECEMBER 31,

	2019			2018		
	General Fund	Capital Fund	Total Governmental Funds	General Fund	Capital Fund	Total Governmental Funds
Revenue						
State Sources	\$ 29,782	\$ -	\$ 29,782	\$ 32,272	\$ 27,494	\$ 59,766
Tompkins County	3,618,751		3,618,751	3,559,359		3,559,359
City of Ithaca	19,947		19,947	16,223		16,223
Town of Ithaca	12,000		12,000	10,000		10,000
Central Development Library Grant	99,322		99,322	99,272		99,272
Friends of TCPL	305,000		305,000	300,000		300,000
TCPL Foundation	285,322		285,322	125,904		125,904
Library Charges	26,502		26,502	61,144		61,144
Use of Money and Property	4,989		4,989	1,827		1,827
Other Revenue	12,822		12,822	17,346		17,346
Total Revenue	4,414,437	-	4,414,437	4,223,347	27,494	4,250,841
Expenditures						
Salaries	2,137,169		2,137,169	1,995,613		1,995,613
Fringe Benefits	485,609		485,609	474,618		474,618
Health Insurance	758,864		758,864	667,011		667,011
Books	167,692		167,692	162,308		162,308
Periodicals	8,403		8,403	8,453		8,453
AV/CD ROM Materials	151,177		151,177	112,830		112,830
Insurance	17,770		17,770	17,253		17,253
Repairs and Maintenance	61,508		61,508	61,214		61,214
Supplies and Materials	41,787		41,787	48,019		48,019
Telephone	20,890		20,890	28,057		28,057
Postage	1,558		1,558	1,284		1,284
Finger Lakes Library System Services	68,400		68,400	67,100		67,100
Professional Fees	293,086		293,086	283,216		283,216
Membership Dues	4,214		4,214	3,787		3,787
Equipment	123,384		123,384	119,410		119,410
Staff Development	18,335		18,335	19,921		19,921
Publicity and Printing	50,368		50,368	43,796		43,796
Miscellaneous	10,750		10,750	7,572		7,572
Capital Outlay			-		86,252	86,252
Total Expenditures/Expenses	4,420,964	-	4,420,964	4,121,462	86,252	4,207,714
Excess of Revenue (Expenditures/Expenses)	(6,527)	-	(6,527)	101,885	(58,758)	43,127
Other Financing Sources and (Uses)						
Operating Transfers In			-	60,594		60,594
Operating Transfers (Out)			-		(60,594)	(60,594)
Total Other Financing Sources and (Uses)	-	-	-	60,594	(60,594)	-
Excess of Revenues and Other Financing Sources Over (Expenditures) and Other (Uses)	(6,527)	-	(6,527)	162,479	(119,352)	43,127
Fund Balance, Beginning of Year	740,573	-	740,573	578,094	119,352	697,446
Fund Balance, End of Year	\$ 734,046	\$ -	\$ 734,046	\$ 740,573	\$ -	\$ 740,573

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2019

Net Change in Fund Balances - Total Governmental Funds **\$ (6,527)**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlay	\$ 444,653	
Depreciation Expense	<u>(469,319)</u>	(24,666)

Changes in the Library's proportionate share of net pension obligations have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in the Library's deferred outflows and deferred inflows of resources related to pensions do not effect current financial resources and are, also, not reported in the Governmental Funds.

ERS	<u>\$ (70,834)</u>	(70,834)
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Long-term liabilities, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term liabilities are not reflected in the Governmental Funds.

Long-Term Compensated Absences	\$ 1,970	
Other Postemployment Benefits Liability, net	<u>(189,650)</u>	<u>(187,680)</u>

Net Change in Net Position of Governmental Activities **\$ (289,707)**

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY
TOMPKINS COUNTY PUBLIC LIBRARY FOUNDATION, INC.
(DISCRETELY PRESENTED COMPONENT UNIT)

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	2019		Total
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	
SUPPORT AND REVENUES			
Support			
Contributions	\$ 210,488	\$ 146,380	\$ 356,868
Revenues			
Interest Income	3,877		3,877
Dividend Income, Net	15,875	11,776	27,651
Gain on Sale of Investments	23,574	14,522	38,096
Unrealized (Loss) Gain on Investments	163,672	103,037	266,709
Marketing Income	25,000		25,000
In-Kind Contributions			-
Net Assets Released from Restrictions	113,350	(113,350)	-
Total Support and Revenues	555,836	162,365	718,201
EXPENSES			
Program Services	319,219		319,219
Management and General	111,581		111,581
Fundraising	106,648		106,648
Total Expenses	537,448	-	537,448
Change in Net Assets	18,388	162,365	180,753
Net Assets, January 1, as Restated	2,007,995	992,548	3,000,543
Net Assets, December 31,	\$ 2,026,383	\$ 1,154,913	\$ 3,181,296

See Notes to Basic Financial Statements

2018

<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
\$ 283,039	\$ 51,264	\$ 334,303
4,395		4,395
20,784	14,710	35,494
15,191	33,757	48,948
(91,746)	(110,204)	(201,950)
25,000		25,000
2,440		2,440
48,747	(48,747)	-
<u>307,850</u>	<u>(59,220)</u>	<u>248,630</u>
77,977		77,977
216,157		216,157
117,515		117,515
<u>411,649</u>	<u>-</u>	<u>411,649</u>
(103,799)	(59,220)	(163,019)
<u>2,111,794</u>	<u>1,051,768</u>	<u>3,163,562</u>
<u>\$ 2,007,995</u>	<u>\$ 992,548</u>	<u>\$ 3,000,543</u>

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

***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 (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing U.S. GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Library's accounting policies are described below.

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.

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.

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.

- The primary government, which is the Library,
- Organization for which the primary government is financially accountable, and
- 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. Based on the applications of these criteria, the following is included as a discretely presented component unit:

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Discretely Presented Component Units - Continued

- **Tompkins County Library Foundation, Inc.** - The Tompkins County Library Foundation, Inc. (the Foundation) is a nonprofit corporation established for the benefit of the Library. Its separately issued financial statements may be obtained from the Foundation in Ithaca, New York. 3 of the 9 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. The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Other Related Organizations

The Friends of the Tompkins County Public Library, Inc. is a nonprofit organization whose purpose is to raise funds in support of libraries in the Tompkins County area.

Basis of Presentation - Fund Accounting

The Library's 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 (Statement of Net Position and Statement 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 changes 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:

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.
- Capital Fund - Accounts for the financial resources used for capital construction.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

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.

Equity Classifications - Governmental Fund Balance

The Library follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Statement No. 54 defines 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.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Fund Balance - Continued

- 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, and 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.

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.

Equity Classifications - Statement of Net Position

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

- 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.
- 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.
- Unrestricted - Consists of all other resources that do not meet the definition of "net investment in capital assets" or "restricted."

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 1 Summary of Significant Accounting Policies - Continued

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.

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. The Library follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The Library's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with that statement. See Note 6 for additional information.

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.

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

Accessions and Deaccessions

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

Gifts of collection items are not recognized as gift revenue in the accompanying Statements of Activities. During 2019 and 2018, there were no proceeds from deaccessions.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

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 82% of total revenue, with contributions from the Foundation and Friends of the Library representing 6% and 7%, respectively.

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.

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.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Library reports deferred outflows related to pensions and other postemployment benefits in the Statements of Net Position. The types of deferred outflows related to pensions and other postemployment benefits are described in Note 5 and 6, respectively.

In addition to liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Library reports deferred inflows related to pensions and other postemployment benefits which are further described in Note 5 and 6, respectively.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 2 **Cash and Investments**

Library investment policies are governed by state statutes. In addition, the Library follows its own 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, that are not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State, its municipalities, and its 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. 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 \$853,552 and \$801,801 for the years ended December 31, 2019 and 2018, respectively, are either insured or collateralized with securities held by the pledging financial institution in the Library's name.

The Foundation reported cash balances of \$992,800 and \$929,555, with uninsured cash balances in investment accounts of \$135,478 and \$36,913 that are reported as restricted cash, as of December 31, 2019 and 2018, respectively.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 2 Cash and Investments - Continued

The Foundation also reported long-term investments of \$2,067,853 and \$2,015,952 as of December 31, 2019 and 2018, respectively, as follows:

2019			
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual Funds and Securities	\$ 1,807,394	\$ 2,067,853	\$ 260,459
2018			
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Mutual Funds and Securities	\$ 2,022,091	\$ 2,015,952	\$ (6,139)

Fair Value Measurements

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, directly, or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unconditional promises to give that will be paid in more than one year are measured in the aggregate using present value techniques that consider the promised cash flows.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 2 Cash and Investments - Continued

Fair Value Measurements - Continued

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2019 and 2018:

2019				
Assets	Level 1	Level 2	Level 3	Total
Fixed Income Funds	\$ 639,231	\$	\$	\$ 639,231
Domestic Equity Mutual Funds	219,110			219,110
Domestic Closed End Equity Mutual Funds	873,827			873,827
International Equity Mutual Funds	239,157			239,157
International Closed End Equity Mutual Funds	96,528			96,528
Unconditional Promises to Give			161,950	161,950
Total	\$ 2,067,853	\$ -	\$ 161,950	\$ 2,229,803
2018				
Assets	Level 1	Level 2	Level 3	Total
Fixed Income Funds	\$ 611,803	\$	\$	\$ 611,803
Domestic Equity Mutual Funds	873,500			873,500
Domestic Closed End Equity Mutual Funds	155,791			155,791
International Equity Mutual Funds	149,934			149,934
International Closed End Equity Mutual Funds	224,924			224,924
Unconditional Promises to Give			94,050	94,050
Total	\$ 2,015,952	\$ -	\$ 94,050	\$ 2,110,002

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 3 Capital Assets

Capital assets consisted of the following at December 31,:

	2019			
	Balance at 12/31/2018	Additions	Retirements & Reclassifications	Balance at 12/31/2019
Historical Cost				
Leasehold Improvements	\$ 723,267	\$	\$	\$ 723,267
Equipment	2,098,506	123,384		2,221,890
Collection	5,996,756	321,269	(179,903)	6,138,122
Total Capital Assets	8,818,529	444,653	(179,903)	9,083,279
Less Accumulated Depreciation:				
Leasehold Improvements	-	(36,163)		(36,163)
Equipment	(1,608,752)	(125,444)		(1,734,196)
Collection	(5,272,105)	(307,712)	179,903	(5,399,914)
Total Accumulated Depreciation	(6,880,857)	(469,319)	179,903	(7,170,273)
Total Capital Assets, Net	\$ 1,937,672	\$ (24,666)	\$ -	\$ 1,913,006
	2018			
	Balance at 12/31/2017	Additions	Retirements & Reclassifications	Balance at 12/31/2018
Historical Cost				
Construction in Progress	\$ 690,511	\$ 32,756	\$ (723,267)	\$ -
Leasehold Improvements	-		723,267	723,267
Equipment	1,933,653	164,853		2,098,506
Collection	5,896,101	277,538	(176,883)	5,996,756
Total Capital Assets	8,520,265	475,147	(176,883)	8,818,529
Less Accumulated Depreciation:				
Equipment	(1,451,195)	(157,557)		(1,608,752)
Collection	(5,208,478)	(240,510)	176,883	(5,272,105)
Total Accumulated Depreciation	(6,659,673)	(398,067)	176,883	(6,880,857)
Total Capital Assets, Net	\$ 1,860,592	\$ 77,080	\$ -	\$ 1,937,672

Depreciation expense amounted to \$469,319 and \$398,067 for the years ended December 31, 2019 and 2018, respectively.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 4 **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 12/31/2018	Additions	Payments	Balance at 12/31/2019
<u>\$ 128,604</u>	<u>\$ -</u>	<u>\$ (1,970)</u>	<u>\$ 126,634</u>
Balance at 12/31/2017	Additions	Payments	Balance at 12/31/2018
<u>\$ 131,633</u>	<u>\$ -</u>	<u>\$ (3,029)</u>	<u>\$ 128,604</u>

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.

Note 5 **Pension Obligations - New York State and Local Employees' Retirement System (ERS)**

Plan Descriptions and Benefits Provided - Employees' Retirement System (ERS)

The Library participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The Library also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the state's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 3.0 to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 5 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Summary of Significant Accounting Policies

The System's financial statements from which the System's fiduciary net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions.

Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the System's annual report.

Contributions

Contributions for the current year and two preceding Plan years were equal to 100% of the contributions required and were as follows:

	2019	2018	2017
ERS	\$ 277,213	\$ 264,626	\$ 260,850

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the Library reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Library's proportionate share of the net pension liability was based on a projection of the Library's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from report provided to the Library by the ERS System.

	2019	2018
Actuarial Valuation Date	04/01/2018	04/01/2017
Net Pension Liability	\$ 7,085,304,242	\$ 3,227,444,946
Library's Proportionate Share of the Plan's Total Net Pension Liability	501,453	231,219
Library's Share of the Net Pension Liability	0.007077%	0.007164%

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 5 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended December 31, 2019, the Library recognized pension expense of \$339,878 for ERS in the financial statements. At December 31, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	2018
Deferred Outflows of Resources		
Differences Between Expected and Actual Experience	\$ 98,747	\$ 82,468
Changes in Assumptions	126,045	153,317
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	335,827
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	13,416	18,514
Library's Contributions Subsequent to the Measurement Date	199,741	207,910
Total Deferred Outflows of Resources	\$ 437,949	\$ 798,036
Deferred Inflows of Resources		
Differences Between Expected and Actual Experience	\$ (33,662)	\$ (68,149)
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	(128,701)	(662,889)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	(39,159)	(29,971)
Total Deferred Inflows of Resources	\$ (201,522)	\$ (761,009)

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 5 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - Continued

Library contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the years ended December 31, 2020 and 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	2019	2018
2020	\$ 95,797	\$ 41,305
2021	(105,500)	34,712
2022	(15,224)	(169,119)
2023	61,613	(77,781)
2024	-	-
Thereafter	-	-

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

	2019	2018
Measurement Date	March 31, 2019	March 31, 2018
Actuarial Valuation Date	April 1, 2018	April 1, 2017
Investment Rate of Return	7.0%	7.0%
Salary Increases	4.2%	3.8%
Cost of Living Adjustments	1.3%	1.3%
Inflation Rate	2.5%	2.5%

For 2019 and 2018, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2018 and 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 5 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Actuarial Assumptions - Continued

For ERS, the long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	2019	2018
Asset Type:	March 31, 2019	March 31, 2018
Domestic Equities	4.6%	4.6%
International Equities	6.4%	6.4%
Real Estate	5.6%	5.6%
Private Equity/Alternative Investments	7.5%	7.5%
Absolute Return Strategies	3.8%	3.8%
Opportunistic Portfolio	5.7%	5.7%
Real Assets	5.3%	5.3%
Cash	(0.3)%	(0.3)%
Inflation-indexed Bonds	1.3%	1.3%
Mortgages and Bonds	1.3%	1.3%

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% and 7.0% in 2019 and 2018, respectively. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 5 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Library's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

<u>2019</u>	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
Library's Proportionate Share of the Net Pension Liability	\$ 2,192,434	\$ 501,453	\$ (919,091)
<u>2018</u>	<u>(6.0%)</u>	<u>(7.0%)</u>	<u>(8.0%)</u>
Library's Proportionate Share of the Net Pension Liability	\$ 1,749,465	\$ 231,219	\$ (1,053,157)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective valuation dates were as follows:

	<u>Dollars in Thousands 2019</u>	<u>Dollars in Thousands 2018</u>
Measurement Date	<u>March 31, 2019</u>	March 31, 2018
Employers' Total Pension Liability	\$ 189,803,429	\$ 183,400,590
Plan Net Position	<u>(182,718,124)</u>	<u>(180,173,145)</u>
Employers' Net Pension Liability	<u>\$ 7,085,305</u>	<u>\$ 3,227,445</u>
Ratio of Plan Net Position to the Employers' Total Pension Liability	96.3%	98.2%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31. Accrued retirement contributions as of December 31, 2019 and 2018 represent the projected employer contribution for the period of April 1, 2019 through December 31, 2019 and April 1, 2018 through December 31, 2018 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2019 and 2018 amounted to \$-0- and \$-0-, respectively.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 5 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Current and Prior Year Activity

The following is a summary of current and prior year activity:

	2019		
	Beginning Balance	Change	Ending Balance
Net Pension Liability	\$ (231,219)	\$ (270,234)	\$ (501,453)
Deferred Outflows of Resources	798,036	(360,087)	437,949
Deferred Inflows of Resources	(761,009)	559,487	(201,522)
Total	\$ (194,192)	\$ (70,834)	\$ (265,026)
	2018		
	Beginning Balance	Change	Ending Balance
Net Pension Liability	\$ (660,193)	\$ 428,974	\$ (231,219)
Deferred Outflows of Resources	582,664	215,372	798,036
Deferred Onflows of Resources	(130,577)	(630,432)	(761,009)
Total	\$ (208,106)	\$ 13,914	\$ (194,192)

Note 6 Other Postemployment Benefits

General Information About the OPEB Plan

Plan Description - The Library provides medical, prescription drug, and life insurance benefits to retired employees, spouses, and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the Library has in place with different classifications of employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements, as there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - The Library provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the Library offices and are available upon request.

Employees Covered by Benefit Terms - At December 31, 2019, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	16
Active Employees Not Fully Eligible for Benefits	47

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 6 Other Postemployment Benefits - Continued

Total OPEB Liability

The Library's total OPEB liability of \$4,199,412 was measured as of January 1, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate:	4.10%
Discount Rate	4.10%
Salary Scale	2.90%
Rate of Inflation	2.40%
Marital Assumption	70.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	7.00% for 2019, Decreasing to an Ultimate Rate of 3.94% for 2088 and Later Years

The discount rate is based on Bond Buyer Weekly 20-Bond Go Index.

Mortality rates were based on the Scale MP-2014 and projected forward with Scale MP-2018 (generational mortality) published by the pension mortality study released by the Society of Actuaries.

Termination and retirement rates were based on the experience under the NYS and Local Retirement System (December 2017).

The actuarial assumptions used in the January 1, 2019 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

	Total OPEB Liability
Balance at December 31, 2018	\$ 4,449,372
Changes for the Year	
Service Cost	264,105
Interest Cost	161,117
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	(598,967)
Benefit Payments	(76,215)
	(249,960)
Balance at December 31, 2019	\$ 4,199,412

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 6 Other Postemployment Benefits - Continued

Total OPEB Liability - Continued

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.10%) or 1 percentage-point higher (5.10%) than the current discount rate:

	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB Liability	\$ 4,943,526	\$ 4,199,412	\$ 3,603,837

Changes of assumptions and other inputs reflect a change in the discount rate from 3.44% in 2018 to 4.10% in 2019.

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (2.94% to 6.00%) or 1 percentage point higher (4.94% to 8.00%) than the current healthcare cost trend rate:

	1% Decrease (6.00% to 2.94%)	Healthcare Cost Trend Rate (7.00% to 3.94%)	1% Increase (8.00% to 4.94%)
Total OPEB Liability	\$ 3,495,868	\$ 4,199,412	\$ 5,111,514

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2019, the Library recognized OPEB expense of \$454,452.

At December 31, 2019, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 294,242
Changes in Assumptions or Other Inputs	-	641,793
Contributions Subsequent to Measurement Date	88,871	-
Total	\$ 88,871	\$ 936,035

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 6 Other Postemployment Benefits - Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued

Contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Fiscal Year</u> <u>Ending December 31,</u>	<u>Amount</u>
2020	\$ (161,949)
2021	(161,949)
2022	(161,949)
2023	(161,949)
2024	(161,949)
2025 and Thereafter	(126,290)

Current Year Activity

The following is a summary of current year activity:

	<u>Beginning</u> <u>Balance</u>	<u>Change</u>	<u>Ending</u> <u>Balance</u>
OPEB Liability	\$ 4,449,372	\$ (249,960)	\$ 4,199,412
Deferred Outflows of Resources	(73,363)	(15,508)	(88,871)
Deferred Inflows of Resources	480,917	455,118	936,035
Total	<u>\$ 4,856,926</u>	<u>\$ 189,650</u>	<u>\$ 5,046,576</u>

Note 7 Commitments and Contingencies

Risk Financing and Related Insurance

General Information

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

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 7 Commitments and Contingencies - Continued

Health Insurance

The Library participates in an employee health insurance plan, the Greater Tompkins County Municipal Health Insurance Consortium (Consortium). The Consortium was organized in 2010 as an Article 5-G General Municipal Law (GML) municipal corporation to provide health insurance benefits for its member municipalities. The term “Municipal Corporation,” as defined by §119-N of the GML, includes a county, city, town, or village. The Plan's general objectives are to formulate, develop, and administer, on behalf of the member participants, an adequate program of insurance in a cost effective manner. Municipalities joining the Plan must remain members for a minimum of three years; a participant may withdraw with written notice prior to October 3rd of each Plan year. Municipalities applying for membership in the Plan may do so with two-thirds approval of the Board. Plan underwriting and rate setting policies have been established after consultation with third party administration. Plan members are subject to supplemental assessment in the event of deficiencies. Premium assessments are determined annually, and should assets of the Plan be exhausted, members would be responsible for the Plan's liabilities. Plan membership currently includes 50 municipalities. The Plan uses reinsurance agreements to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the primary liability of the Plan as direct insurer of the risks reinsured.

During the year ended December 31, 2019, the Library incurred premiums or contribution expenditures totaling \$656,750. Plan financial statements may be obtained from the Greater Tompkins County Municipal Health Insurance Consortium, at 125 East Court Street, Ithaca, New York, 14850.

Note 8 Fund Balances and Net Position

Restricted Fund Balances

Portions of 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 restricted fund balance were as follows:

		2019		
Capital Fund Restricted Fund Balance	Beginning Balance	Additions	Appropriated	Ending Balance
Reserved for Capital Projects	\$ -	\$ -	\$ -	\$ -
		2018		
Capital Fund Restricted Fund Balance	Beginning Balance	Additions	Appropriated	Ending Balance
Reserved for Capital Projects	\$ 119,352	\$ -	\$ (119,352)	\$ -

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

Note 9 **Interfund Transactions**

During the year ended December 31, 2019, there were no interfund transactions. During the year ended December 31, 2018, the Capital Fund transferred \$60,594 to the General Fund to close out a capital project. There were no interfund balances as of December 31, 2019 and 2018.

Note 10 **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 11 **Related Parties**

The Library received contributions of \$305,000 and \$300,000 from the Friends of the Tompkins County Public Library for the years ended December 31, 2019 and 2018, respectively.

Note 12 **Component Unit Transactions**

The Library received contributions of \$285,322 and \$125,904 from the Foundation for the years ended December 31, 2019 and 2018, respectively, which are reported in the financial statements. In addition, the Library received \$3,596 and \$2,116 in-kind contributions of materials for the years ended December 31, 2019 and 2018, respectively, which are not reflected in the financial statements of the Library.

The County contributed \$3,618,751 and \$3,559,359 to the Library for the years ended December 31, 2019 and 2018, respectively, which are reported in the financial statements. Additionally, for 2019 and 2018, respectively, the County provided debt service of \$481,889 and \$483,179 for serial bond payments on the building occupied by the Library. Additionally, on February 21, 2018, the County issued \$1,825,000 of serial bonds, with interest ranging between 2.0% and 2.5%, which includes \$300,000 for the Library's improvement purposes. Debt service is not reflected in the financial statements of the Library.

Note 13 **The 21st Century Library Campaign**

The library underwent a major renovation project related to its 21st Century Library Campaign. This project was primarily funded by the Foundation and the County. This project was completed in 2018.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

***Note 14* Deficit Unrestricted Net Position**

Unrestricted net position in the Government-wide Statement of Net Position shows a deficit balance of \$(4,704,190) and \$(4,439,149) for the years ended December 31, 2019 and 2018, respectively. These deficits stem 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 15* Subsequent Events**

In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the area in which the Library exists. While it is unknown how long these conditions will last and what the complete financial effect will be, the Library expects disruptions to businesses and residents, which could negatively impact operating results in future periods.

TOMPKINS COUNTY PUBLIC LIBRARY

BUDGETARY COMPARISON SCHEDULES FOR THE GENERAL FUND FOR THE YEARS ENDED DECEMBER 31,

	2019			
	Original Budget	Modified Budget	Actual	Variance Fav.(Unfav.)
Revenue				
State Sources	\$ 29,772	\$ 29,772	\$ 29,782	\$ 10
Tompkins County	3,618,751	3,618,751	3,618,751	-
City of Ithaca	19,224	19,224	19,947	723
Town of Ithaca	12,000	12,000	12,000	-
Central Library Development Grant	99,272	99,272	99,322	50
Friends of TCPL	305,000	305,000	305,000	-
TCPL Foundation	230,769	285,322	285,322	-
Library Charges	21,000	26,000	26,502	502
Use of Money and Property	3,400	5,400	4,989	(411)
Other Revenues	11,200	12,950	12,822	(128)
Total Revenue	4,350,388	4,413,691	4,414,437	746
Expenditures				
Salaries	2,144,128	2,144,239	2,137,169	7,070
Fringe Benefits	486,170	488,270	485,609	2,661
Health Insurance	774,993	772,893	758,864	14,029
Books	196,877	203,550	167,692	35,858
Periodicals	8,600	13,002	8,403	4,599
AV/CD ROM Materials	144,870	166,656	151,177	15,479
Insurance	17,771	17,771	17,770	1
Repairs and Maintenance	74,768	69,768	61,508	8,260
Supplies and Materials	43,700	49,700	41,787	7,913
Telephone	20,548	21,048	20,890	158
Postage	2,000	2,000	1,558	442
Finger Lakes Library System Services	68,400	68,400	68,400	-
Professional Fees	310,448	332,367	293,086	39,281
Membership Dues	4,250	4,250	4,214	36
Equipment	41,080	152,334	123,384	28,950
Staff Development	15,754	23,552	18,335	5,217
Publicity and Printing	72,340	90,888	50,368	40,520
Miscellaneous	14,000	16,500	10,750	5,750
Total Expenditures	4,440,697	4,637,188	4,420,964	216,224
Excess of (Expenditures) Over Revenue	(90,309)	(223,497)	(6,527)	216,970
Other Financing Sources and (Uses)				
Operating Transfers In	-	-	-	-
Total Other Financing Sources and (Uses)	-	-	-	-
Appropriated Fund Balance	90,309	223,497		
Net Change in Fund Balances	\$ -	\$ -		\$ 216,970
Fund Balance, January 1,			740,573	
Fund Balance, December 31,			\$ 734,046	

See Notes to Required Supplementary Information

2018

<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Fav.(Unfav.)</u>
\$ 31,482	\$ 31,482	\$ 32,272	\$ 790
3,559,359	3,559,359	3,559,359	-
15,238	15,238	16,223	985
10,000	10,000	10,000	-
98,334	98,334	99,272	938
300,000	300,000	300,000	-
89,648	125,904	125,904	-
56,000	56,000	61,144	5,144
1,000	1,000	1,827	827
17,195	18,695	17,346	(1,349)
<u>4,178,256</u>	<u>4,216,012</u>	<u>4,223,347</u>	<u>7,335</u>
2,080,528	2,081,127	1,995,613	85,514
496,444	496,919	474,618	22,301
688,935	688,935	667,011	21,924
152,348	168,659	162,308	6,351
9,100	13,302	8,453	4,849
104,730	128,424	112,830	15,594
17,253	17,253	17,253	-
74,844	70,144	61,214	8,930
51,500	64,405	48,019	16,386
23,850	28,060	28,057	3
2,000	2,000	1,284	716
67,100	67,100	67,100	-
268,934	295,248	283,216	12,032
3,000	4,250	3,787	463
72,500	145,443	119,410	26,033
15,458	29,100	19,921	9,179
52,967	81,783	43,796	37,987
30,000	27,926	7,572	20,354
<u>4,211,491</u>	<u>4,410,078</u>	<u>4,121,462</u>	<u>288,616</u>
(33,235)	(194,066)	101,885	295,951
	<u>60,594</u>	<u>60,594</u>	<u>(60,594)</u>
-	<u>60,594</u>	<u>60,594</u>	<u>(60,594)</u>
<u>33,235</u>	<u>133,472</u>		
<u>\$ -</u>	<u>\$ -</u>		<u>\$ 235,357</u>
		<u>578,094</u>	
		<u>\$ 740,573</u>	

TOMPKINS COUNTY PUBLIC LIBRARY

SCHEDULE OF LIBRARY'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually Required Contribution	\$ 277,213	\$ 264,626	\$ 260,850
Contributions in Relation to the Contractually Required Contribution	(277,213)	(264,626)	(260,850)
Contribution Deficiency (Excess)	-	-	-
Library's Covered Employee Payroll	1,956,175	1,869,784	1,852,253
Contributions as a Percentage of Covered Employee Payroll	14.2%	14.2%	14.1%

* Information Not Readily Available

See Notes to Required Supplementary Information

2016	2015	2014	2013	2012	2011	2010
\$ 303,722	\$ 288,556	\$ 320,152	\$ 265,631	\$ 227,295	\$ 188,229	\$ *
(303,722)	(288,556)	(320,152)	(265,631)	(227,295)	(188,229)	*
-	-	-	-	-	-	*
1,798,141	1,685,339	1,489,640	1,532,665	1,457,033	1,536,141	*
16.9%	17.1%	21.5%	17.3%	15.6%	12.3%	N/A

TOMPKINS COUNTY PUBLIC LIBRARY

SCHEDULE OF THE LIBRARY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED DECEMBER 31,

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Library's Proportion of the Net Pension Liability	0.0071000%	0.007164%	0.007026%
Library's Proportionate Share of the Net Pension Liability	\$ (501,453)	\$ (231,219)	\$ (660,193)
Library's Covered Employee Payroll During the Measurement Period	1,978,472	1,889,283	1,811,285
Library's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	(25.35)%	(12.24)%	(36.45)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	96.3%	98.2%	94.7%

See Notes to Required Supplementary Information

<u>2016</u>	<u>2015</u>
0.007281%	0.006200%
\$ (1,168,629)	\$ (209,698)
1,758,709	1,465,228
(66.45)%	(14.31)%
90.7%	97.9%

TOMPKINS COUNTY PUBLIC LIBRARY

SCHEDULE OF CHANGES IN THE LIBRARY'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	2019	2018	2017
Total OPEB Liability			
Service Cost	\$ 264,105	\$ 199,381	\$ *
Interest Cost	161,117	183,798	*
Changes of Benefit Terms			*
Differences Between Expected and Actual Experience		(405,068)	*
Changes in Assumptions or Other Inputs	(598,967)	(152,064)	*
Benefit Payments	(76,215)	(79,371)	*
	(249,960)	(253,324)	*
Total OPEB Liability - Beginning	4,449,372	4,702,696	*
Total OPEB Liability - Ending	\$ 4,199,412	\$ 4,449,372	\$ 4,702,696
Covered Employee Payroll	\$ 2,371,805	\$ 2,118,028	\$ *
Liability as a % of Covered Payroll	177%	210%	

* Information is unavailable and will be present as information becomes available.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
*	*	*	*	*	*	*
<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2019 AND 2018

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 U.S. 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 U.S. 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, 2019.

Note 3 **Schedule of Changes in the Library's Total OPEB Liability and Related Ratios**

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates in each period:

2019 - 4.10%
2018 - 3.44%

Note 4 **Schedule of the Library's Proportionate Share of the Net Pension Liability**

The Schedules of the Library's Proportionate Share of the Net Pension Liability, required supplementary information, present four years of information. These schedules will present ten years of information as it becomes available from the pension plans.

Note 5 **Schedule of Contributions - NYSLRS Pension Plan and Schedule of the Library's Proportionate Share of the Net Pension Liability**

Changes in Benefit Terms

There were no significant legislative changes in benefits.

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2018 actuarial valuation.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2019 AND 2018

***Note 5* Schedule of Contributions - NYSLRS Pension Plan and Schedule of the Library's Proportionate Share of the Net Pension Liability - Continued**

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2017 actuarial valuation determines the employer rates for contributions payable in fiscal year 2019. The following actuarial methods and assumptions were used:

Actuarial Cost Method	NYSLRS is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five-year phase in deferred recognition of each year's net investment income/loss in excess of (or less than) 7.5% at a rate of 20% per year, until fully recognized after five years. For fiscal years ending prior to June 30, 2015, realized and unrealized appreciation in excess of (or less than) the assumed inflationary rate of 4.0% is subject to the five-year phase in.
Inflation	2.5%
Salary Scale	3.8% in ERS, indexed by service.
Investment Rate of Return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.



**INDEPENDENT AUDITORS' 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***

To the 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 each major 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, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated August 19, 2020. Our report includes a reference to other auditors who audited the financial statements of Tompkins County Public Library Foundation, Inc. (the Foundation), as described in our report on the Library's financial statements. The financial statements of the Foundation were audited by other auditors, were not required to be, and were not, audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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.

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.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
August 19, 2020