

**TOMPKINS COUNTY PUBLIC LIBRARY**

**Ithaca, New York**

**FINANCIAL REPORT**

**December 31, 2010 and 2009**

TOMPKINS COUNTY PUBLIC LIBRARY  
FOR THE YEAR ENDED DECEMBER 31, 2010

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Frederick J. Ciaschi, C.P.A.

### INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Tompkins County Public Library  
Ithaca, New York

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit and the general fund of Tompkins County Public Library (the Library), a component unit of the County of Tompkins as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Library's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit and the general fund of the Library, as of December 31, 2010 and 2009, and the respective changes in financial position, where applicable thereof for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2011, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress on pages 2 through 2g and 17 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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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.

*Rischi, Dietschgen, Little, Minkler & Company CP*

July 20, 2011  
Ithaca, New York

TOMPKINS COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

The following is a discussion and analysis of Tompkins County Public Library's (the Library) financial performance for the fiscal years ended December 31, 2010 and 2009. This section is a summary of the Library's financial activities based on currently known facts, decisions or conditions. It is also based on both the Government-wide and Fund-based Financial Statements. The results of the current year are discussed in comparison with the two prior years, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the Library's financial statements, which immediately follow this section.

### COMPONENT UNIT

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

### FINANCIAL HIGHLIGHTS

- Expenses exceeded revenues in 2010 by \$680,723 compared to 2009, when expenses exceeded revenues by \$568,963. This is primarily the result of the requirement to record GASB No. 45 other postemployment benefit expense of \$516,981 and \$451,991 for 2010 and 2009, respectively.
- Net assets for the year ended December 31, 2010 were \$2,020 reflecting a decrease from net assets of \$682,743 at December 31, 2009. The Library's net assets for the year ended December 31, 2009 decreased \$568,963 from \$1,251,706 to \$682,743. The decreases were primarily due to reporting requirements for other postemployment benefits liability.
- Total fund balance of \$726,505 in the General Fund showed an increase of \$931 in 2010, from \$725,574 in 2009, with an increase of \$90,149 in 2009. Of the \$726,505, a total of \$6,358 is appropriated to support the 2011 budget, \$79,400 is reserved for retirement, and \$26,086 is reserved for equipment replacement, leaving a net unappropriated, unreserved balance of \$614,661 or approximately 18% of appropriations budgeted for 2011.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

TOMPKINS COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

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

Statement of Net Assets and Statement of Activities Columns

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

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

Governmental Fund Type Columns

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

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

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

**Figure 1**

<b>Condensed Statement of Net Assets</b>	<b>Governmental Activities and Total Library</b>		
	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Current assets</i>	\$ 831,071	\$ 842,453	\$ 839,977
<i>Capital assets, net</i>	1,158,726	960,971	795,200
<b>Total Assets</b>	<b>1,989,797</b>	<b>1,803,424</b>	<b>1,635,177</b>
<i>Current liabilities</i>	195,646	116,879	113,472
<i>Noncurrent liabilities</i>	542,445	1,003,802	1,519,685
<b>Total Liabilities</b>	<b>738,091</b>	<b>1,120,681</b>	<b>1,633,157</b>
<i>Invested in capital assets, net of debt</i>	1,158,726	960,971	795,200
<i>Unrestricted net assets (deficit)</i>	92,980	(278,228)	(793,180)
<b>Total Net Assets</b>	<b>\$ 1,251,706</b>	<b>\$ 682,743</b>	<b>\$ 2,020</b>

TOMPKINS COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

Net capital assets and invested in capital assets, net of related debt, decreased in 2010 because depreciation expense exceeded capital outlay during 2010. The net effect of the Library's activities resulted in decreases in unrestricted net assets of \$514,952 and \$371,208 at December 31, 2010 and 2009, respectively. These decreases in unrestricted net assets were primarily the result of the GASB No. 45 requirement to record other postemployment benefit liability. This is also the cause of the deficit of unrestricted net assets of \$(793,180). Because there is no mechanism for New York State governments to fund this liability, the deficit in unrestricted net assets is expected to continue in the immediate future.

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

**Figure 2**

<b>Changes in Net Assets</b>	<b>Governmental Activities and Total Library</b>		
	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Revenues:</i>			
<i>State sources</i>	\$ 72,059	\$ 24,329	\$ 26,110
<i>Tompkins County support</i>	2,616,056	2,700,789	2,548,704
<i>City of Ithaca support</i>	12,846	13,735	13,053
<i>Town of Ithaca</i>	-0-	20,000	20,000
<i>CLD grant</i>	102,900	94,881	86,833
<i>Friends of the Library</i>	280,000	269,200	280,000
<i>Library Foundation</i>	129,477	142,720	117,682
<i>Library charges</i>	115,528	116,072	111,879
<i>Other revenue</i>	307,564	120,022	24,696
<b>Total Revenues</b>	<b>3,636,430</b>	<b>3,501,748</b>	<b>3,228,957</b>
<i>Expenses:</i>			
<i>Personnel expenses</i>	2,969,423	2,979,343	3,064,292
<i>Insurance, repairs and maintenance</i>	62,192	37,373	44,393
<i>Supplies and materials</i>	91,615	71,008	65,465
<i>Telephone, postage and printing</i>	53,641	53,528	44,851
<i>Finger Lakes Library System services</i>	57,800	59,176	59,634
<i>Professional dues and fees</i>	204,838	178,841	167,959
<i>Depreciation</i>	355,161	574,792	447,088
<i>Other expenses</i>	243,356	116,650	15,998
<b>Total Expenses</b>	<b>4,038,026</b>	<b>4,070,711</b>	<b>3,909,680</b>
<b>(DECREASE) IN NET ASSETS</b>	<b>\$ (401,596)</b>	<b>\$ (568,963)</b>	<b>\$ (680,723)</b>

Total revenues for the Library's Governmental Activities decreased in 2010 by \$272,791, or 7.8%, while total expenses decreased \$161,031, or 4.0%. Support from Tompkins County decreased by \$152,085 compared to 2009. The decrease in other revenues and other expenditures was primarily the result of the receipt of a large portion of an unanticipated bequest in 2008, which was passed through to the Library Foundation. The final portion of the bequest received during 2009 was smaller than that received in 2008 causing decreases in other revenues and expenditures in 2009 and 2010. Expenditures decreased primarily due to decreases in salary, depreciation and other expenses, offset by increases in other post employment benefit and health insurance expenses.

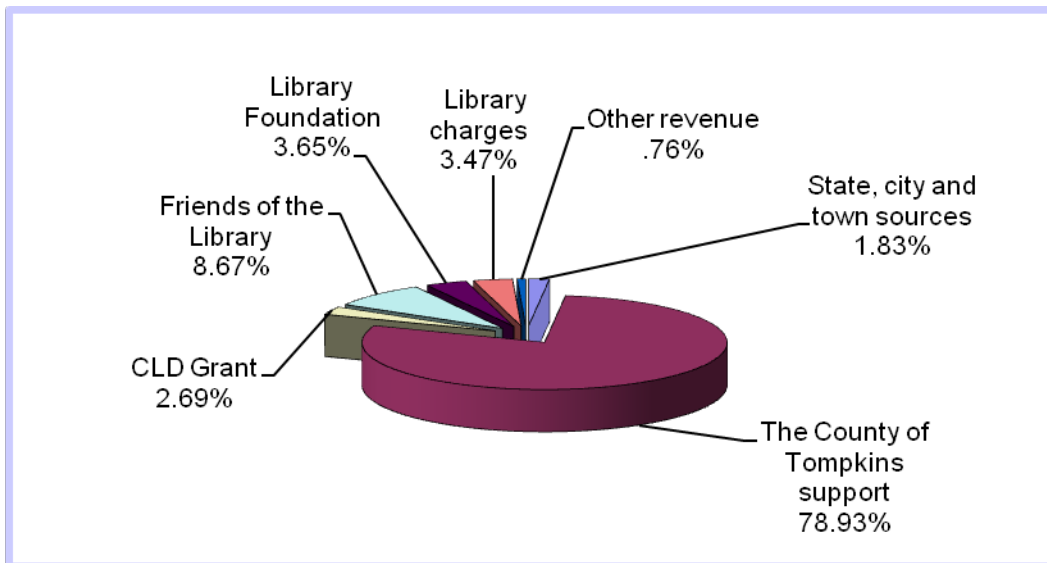
TOMPKINS COUNTY PUBLIC LIBRARY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (CONTINUED)  
 FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

In 2009, total revenues decreased by \$(134,682), or 3.7%, while total expenses increased \$32,685 or 0.8%. The decrease in revenues was primarily the result of decreases in state sources and other revenue, as described above. The increase in expenses was due to an increase in depreciation expense, offset by decreases in other expenses (as described above), repair and maintenance and profession fees.

Figures 3, 4 and 5 present sources of revenue for years ended December 31, 2010, 2009 and 2008.

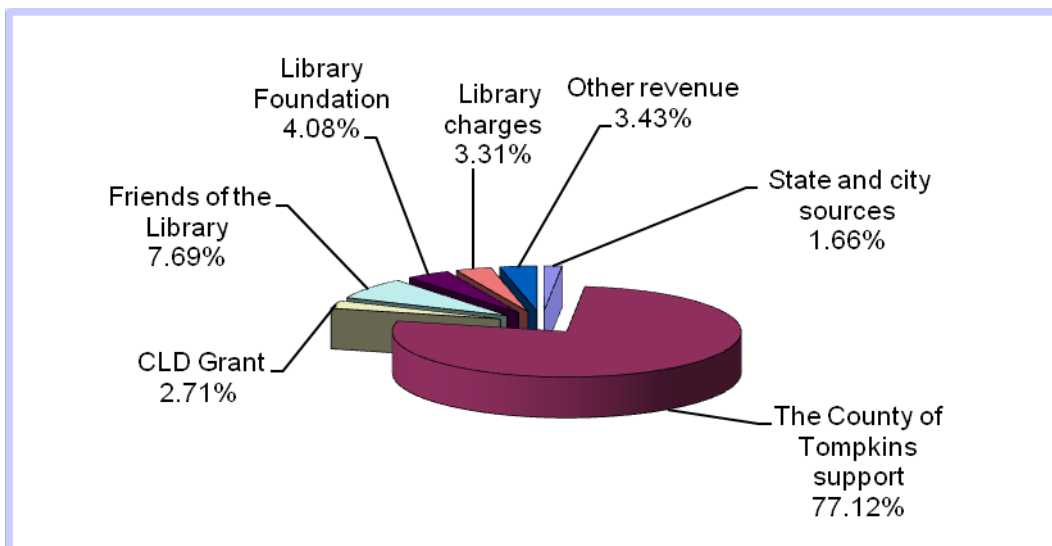
**Figure 3**

**Sources of Revenue for 2010**



**Figure 4**

**Sources of Revenue for 2009**

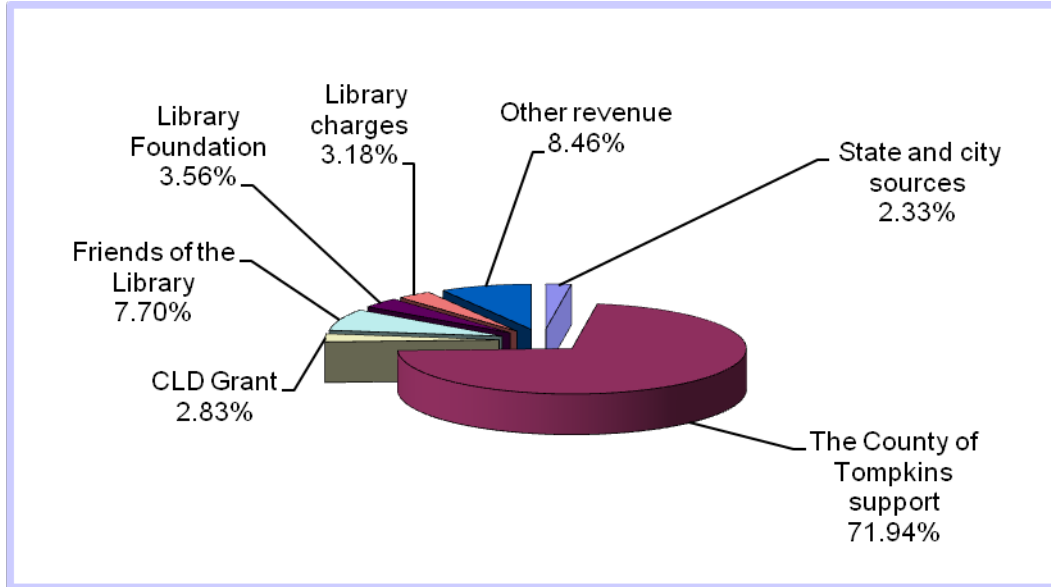




TOMPKINS COUNTY PUBLIC LIBRARY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (CONTINUED)  
 FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

**Figure 5**

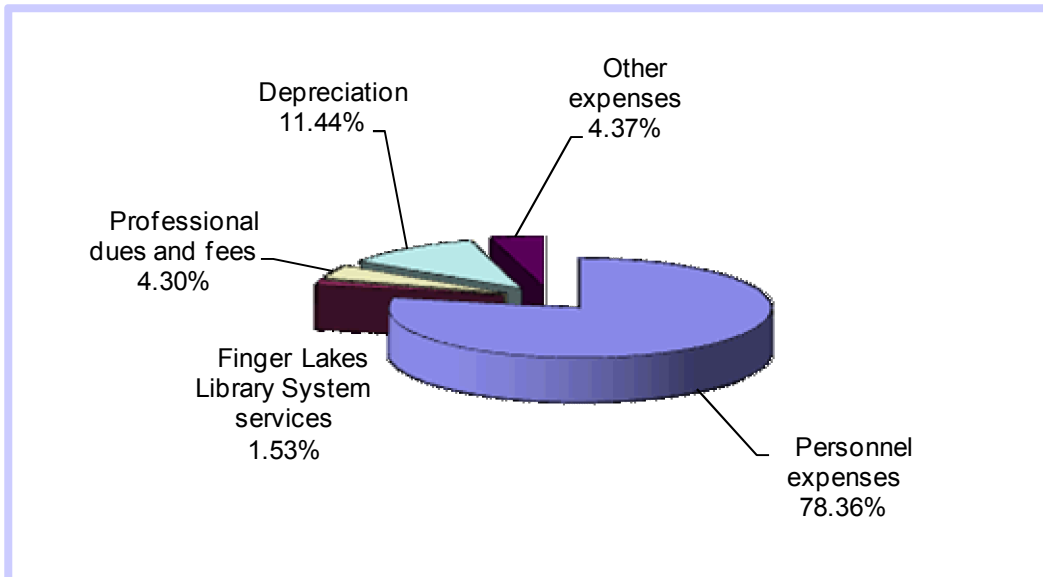
**Sources of Revenue for 2008**



Figures 6, 7 and 8 present the expenses of the Library for the years ended December 31, 2010, 2009 and 2008.

**Figure 6**

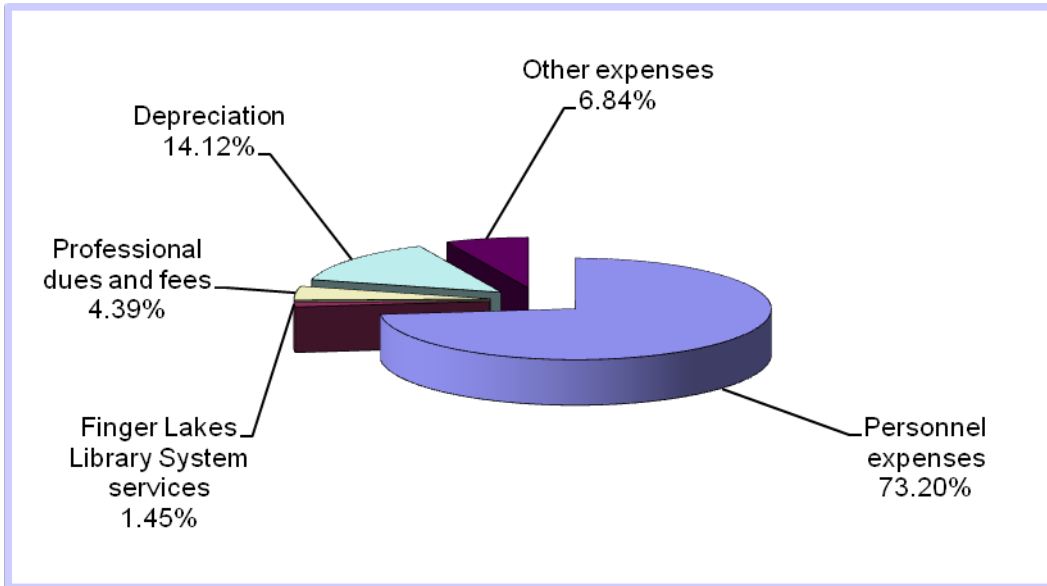
**Expenses 2010**



TOMPKINS COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

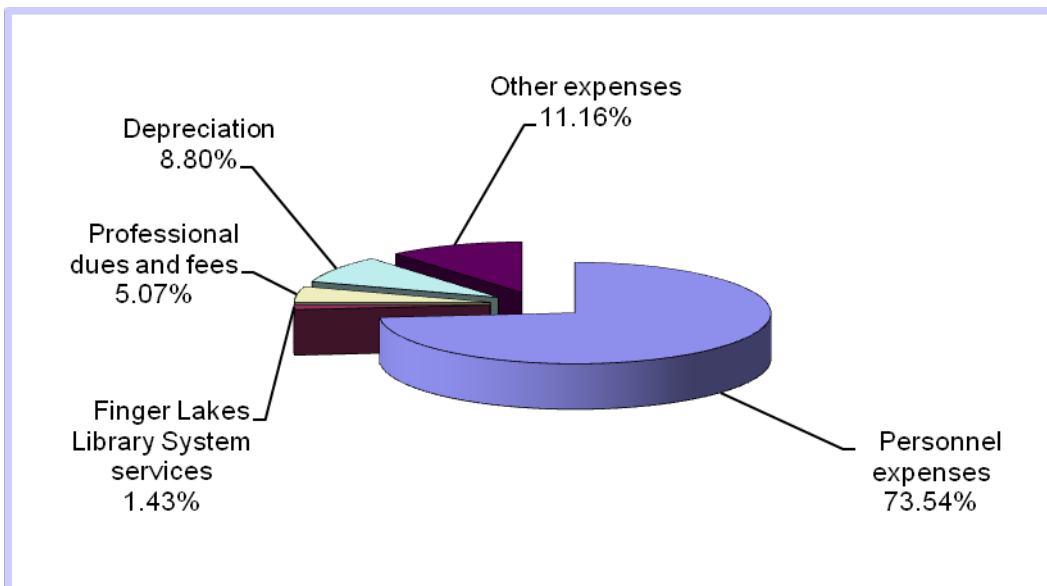
**Figure 7**

**Expenses 2009**



**Figure 8**

**Expenses 2008**



TOMPKINS COUNTY PUBLIC LIBRARY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

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

As the Library completed the year ended December 31, 2010, the General Fund reported a combined fund balance of \$726,505, which is higher than last year's total of \$725,574. Unreserved, unappropriated fund balance was \$614,661 at year end, which is 18% of the operating expenditures budgeted for 2011. In 2011, this is slightly above the range of the five to 15% the Government Finance Officer's Association recommends for general-purpose governments, which management believes is appropriate for the Library as well. Unreserved, unappropriated fund balance at December 31, 2009 was \$567,029, which was 16% of the 2010 budgeted operating expenditures. The increase in the unreserved, unappropriated fund balance compared to 2009 is a result of decreases in fund balances reserved for retirement and appropriated for the ensuing year's budget. The amount designated for the subsequent year's expenditures was \$6,358 in 2010, as compared to \$17,511 in 2009. The Library's 2009 General Fund combined fund balance increased \$90,149 from \$635,425 to \$725,574.

**CAPITAL ASSET ADMINISTRATION**

Capital Assets

At the end of December 31, 2010, 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 \$(165,771), or (17.3)%, while in 2009 there was a decrease of \$(197,755), or (17.1)%. There were additions of \$9,329 and \$80,521 in equipment and \$271,988 and \$296,516 to the collection for years ended 2010 and 2009, respectively. There were retirements of \$154,037 and \$149,630 in the collection and \$-0- and \$105,077 retirements of equipment during 2010 and 2009, respectively.

**Figure 9**

<b>Changes in Net Capital Assets</b>	<b>Governmental Activities and Total Library</b>		
	<b>2008</b>	<b>2009</b>	<b>2010</b>
<i>Equipment</i>	\$ 473,798	\$ 293,421	\$ 176,054
<i>Collection</i>	684,928	667,550	619,146
<b>Total</b>	<b>\$ 1,158,726</b>	<b>\$ 960,971</b>	<b>\$ 795,200</b>

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

- County funding, the major funding source for the Library, is expected to further decrease in 2012, constituting three consecutive years of significant reductions. The Library will carefully monitor the level of local public funding as the state maintenance of efforts standards may be violated, which may trigger an additional 25% state funding reduction.
- The Library continues to experience state aid decreases, primarily a decrease of at least 10% in 2011. Additional decreases are anticipated in 2012. This will affect general operating aid and impair services provided to members of the Finger Lakes Library System.
- The Library experienced significant decreases in interest revenue due to economic conditions. The Library anticipates again reducing the fund balance in 2012 to balance the budget. This will further decrease interest revenue due to lower cash balances available for interest earning.

TOMPKINS COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

- While early 2011 indicators show some improvement in sales tax revenue, further revenue is uncertain and the Library is preparing for levels of decreased funding from the County, which will affect general operating aid.
- The Library continues to rely heavily on income from Friends of the Library, derived from their two annual book sales, to support a majority of Library collection and collection related expenses. Private donor support from donors, foundations and grants channeled through Tompkins County Public Library Foundation is not expected to match 2011 numbers in 2012. This will affect general operating aid and reduce the number of special programmatic initiatives carried out with Foundation funds.
- New York State pension liability is expected to further increase by as much as 20% in 2012, and into 2013 before leveling off. Health insurance costs are also expected to escalate by at least 10% in 2012. Unemployment costs may become a substantial factor if employee lay-offs occur and personnel reductions through attritions are not sufficient.
- Three year collective bargaining agreements are in place through December 31, 2011. The Professional staff Association and the Support Staff Association are both represented by the UAW Local 2300. Negotiations for a new contract are expected to commence in the second half of 2011.
- Due to the cumulative effects of several years of reduced funding, dramatic increases in pension and health insurance costs, and fund balance reduction, the Library anticipates a budget deficit in the range of \$500,000 to \$750,000 in fiscal year 2012. If this projection materializes, the Library will no longer be able to provide a full range of services and programs to the public.
- As a result of new census figures, the State of New York will require the Library to be open 60 hours per week in 2012. Due to anticipated staff reductions, the Library does not foresee being able to meet that requirement and will pursue a waiver from the State if necessary.

**CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT**

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

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

	2010		
	General Fund	Adjustments	Statement of Net Assets
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and cash equivalents	\$ 539,349	\$	\$ 539,349
Accounts receivable	300,628		300,628
Total Current Assets	839,977	-0-	839,977
Capital assets, net of accumulated depreciation of \$5,761,837 in 2010 and \$5,468,786 in 2009		795,200	795,200
Total Assets	\$ 839,977	795,200	1,635,177
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Accounts payable	\$ 79,500		79,500
Accrued liabilities	33,972		33,972
Total Current Liabilities	113,472	-0-	113,472
Compensated absences		117,701	117,701
Other postemployment benefits liability		1,401,984	1,401,984
Total Liabilities	113,472	1,519,685	1,633,157
<b><u>FUND BALANCE/NET ASSETS</u></b>			
Fund Balances:			
Reserved for:			
Retirement	79,400	(79,400)	-0-
Equipment	26,086	(26,086)	-0-
Total Reserved	105,486	(105,486)	-0-
Unreserved:			
Appropriated - Ensuing year's budget	6,358	(6,358)	-0-
Unappropriated	614,661	(614,661)	-0-
Total Unreserved	621,019	(621,019)	-0-
Total Fund Balance	726,505	(726,505)	-0-
Total Liabilities and Fund Balance	\$ 839,977		
Net Assets:			
Invested in capital assets, net of related debt		795,200	795,200
Unrestricted		(793,180)	(793,180)
Total Net Assets		\$ 2,020	\$ 2,020

See Independent Auditor's Report and Notes to Financial Statements

2009

General Fund	Adjustments	Statement of Net Assets
\$ 562,252	\$	\$ 562,252
<u>280,201</u>		<u>280,201</u>
842,453	-0-	842,453
	<u>960,971</u>	<u>960,971</u>
<u>\$ 842,453</u>	<u>960,971</u>	<u>1,803,424</u>
\$ 88,887		88,887
<u>27,992</u>		<u>27,992</u>
116,879	-0-	116,879
	118,799	118,799
<u>-0-</u>	<u>885,003</u>	<u>885,003</u>
<u>116,879</u>	<u>1,003,802</u>	<u>1,120,681</u>
115,413	(115,413)	-0-
<u>25,621</u>	<u>(25,621)</u>	<u>-0-</u>
141,034	(141,034)	-0-
17,511	(17,511)	-0-
<u>567,029</u>	<u>(567,029)</u>	<u>-0-</u>
584,540	(584,540)	-0-
<u>725,574</u>	<u>(725,574)</u>	<u>-0-</u>
<u>\$ 842,453</u>		
	<u>960,971</u>	<u>960,971</u>
	<u>(278,228)</u>	<u>(278,228)</u>
	<u>\$ 682,743</u>	<u>\$ 682,743</u>

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

**ASSETS**

	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash and cash equivalents	\$ 108,385	\$ 305,045
Accounts receivable	36,430	20,084
Unconditional promises to give	<u>68,478</u>	<u>54,286</u>
Total Current Assets	<u>213,293</u>	<u>379,415</u>
Long-term investments	1,528,620	1,311,335
Long-term unconditional promises to give, net	69,798	62,984
Equipment, net of accumulated depreciation of \$15,137 in 2010 and \$14,656 in 2009	<u>2,419</u>	<u>950</u>
Total Assets	<u>\$ 1,814,130</u>	<u>\$ 1,754,684</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accounts payable - Tompkins County Public Library	\$ 187,829	\$ 272,197
Accounts payable and accrued liabilities	<u>6,888</u>	<u>7,689</u>
Total Current Liabilities	<u>194,717</u>	<u>279,886</u>
Net Assets:		
Unrestricted:		
Board designated	953,205	776,757
Undesignated	<u>52</u>	<u>71,551</u>
Total Unrestricted	<u>953,257</u>	<u>848,308</u>
Temporarily restricted	170,626	142,910
Permanently restricted	<u>495,530</u>	<u>483,580</u>
Total Net Assets	<u>1,619,413</u>	<u>1,474,798</u>
Total Liabilities and Net Assets	<u>\$ 1,814,130</u>	<u>\$ 1,754,684</u>

See Independent Auditor's Report and Notes to Financial Statements

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

	2010		
	General Fund	Adjustments	Statement of Activities
Revenues:			
State sources	\$ 26,110	\$	\$ 26,110
Tompkins County	2,548,704		2,548,704
City of Ithaca	13,053		13,053
Town of Ithaca	20,000		20,000
CLD grant	86,833		86,833
Friends of TCPL	280,000		280,000
TCPL Foundation	117,682		117,682
Gifts and donations		2,400	2,400
Library charges	111,879		111,879
Use of money and property	3,233		3,233
Other revenue	19,063		19,063
	<u>3,226,557</u>	<u>2,400</u>	<u>3,228,957</u>
Total Revenues			
Expenditures:			
Salaries	1,766,247	(1,098)	1,765,149
Fringe benefits	359,438	516,981	876,419
Health insurance	422,724		422,724
Books	175,970	(175,970)	-0-
Periodicals	9,984		9,984
AV/CD ROM materials	93,618	(93,618)	-0-
Insurance	13,620		13,620
Repairs and maintenance	30,773		30,773
Supplies and materials	46,587		46,587
Telephone	15,521		15,521
Postage	2,362		2,362
Finger Lakes Library System services	59,634		59,634
Professional fees	166,322		166,322
Membership dues	1,637		1,637
Equipment	18,223	(9,329)	8,894
Staff development	5,363		5,363
Publicity and printing	26,968		26,968
Depreciation		447,088	447,088
Miscellaneous	10,635		10,635
	<u>3,225,626</u>	<u>684,054</u>	<u>3,909,680</u>
Total Expenditures			
Excess of Revenues Over (Expenditures)	931	(681,654)	(680,723)
Fund Balance/Net Assets			
January 1,	725,574	(42,831)	682,743
December 31,	<u>\$ 726,505</u>	<u>\$ (724,485)</u>	<u>\$ 2,020</u>

See Independent Auditor's Report and Notes to Financial Statements



2009

2009		
General Fund	Adjustments	Statement of Activities
\$ 24,329	\$	\$ 24,329
2,700,789		2,700,789
13,735		13,735
20,000		20,000
94,881		94,881
269,200		269,200
142,720		142,720
	2,400	2,400
116,072		116,072
6,424		6,424
111,198		111,198
<u>3,499,348</u>	<u>2,400</u>	<u>3,501,748</u>
1,817,937	9,366	1,827,303
309,267	451,991	761,258
390,782		390,782
188,904	(188,904)	-0-
9,914		9,914
105,212	(105,212)	-0-
13,223		13,223
24,150		24,150
54,700		54,700
13,837		13,837
4,231		4,231
59,176		59,176
177,831		177,831
1,010		1,010
86,915	(80,521)	6,394
5,352		5,352
35,460		35,460
	574,792	574,792
111,298		111,298
<u>3,409,199</u>	<u>661,512</u>	<u>4,070,711</u>
90,149	(659,112)	(568,963)
<u>635,425</u>	<u>616,281</u>	<u>1,251,706</u>
<u>\$ 725,574</u>	<u>\$ (42,831)</u>	<u>\$ 682,743</u>

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

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support:				
Contributions	\$ 186,700	\$ 21,006	\$ 11,950	\$ 219,656
Grants/Other				-0-
Revenues:				
Interest income	393			393
Dividend income		23,912		23,912
Capital gain dividends	3,327			3,327
Gain (loss) on sale of investments	31,871			31,871
Unrealized gain on fair value of investments	131,906			131,906
Net assets reclassified due to investment (losses)	(8,438)	8,438		-0-
In-kind contributions	4,166			4,166
Net assets released from restrictions	25,640	(25,640)		-0-
Total Support and Revenues	375,565	27,716	11,950	415,231
Expenses:				
Program services	133,835			133,835
Management and general	63,468			63,468
Fundraising	73,313			73,313
Total Expenses	270,616	-0-	-0-	270,616
CHANGE IN NET ASSETS	104,949	27,716	11,950	144,615
Net Assets, January 1,	848,308	142,910	483,580	1,474,798
Net Assets, December 31,	\$ 953,257	\$ 170,626	\$ 495,530	\$ 1,619,413

See Independent Auditor's Report and Notes to Financial Statements

2009

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 324,742	\$	\$ 3,295	\$ 328,037
7,343			7,343
97			97
	15,704		15,704
218			218
(49,825)			(49,825)
349,757			349,757
(9,819)	9,819		-0-
8,411			8,411
48,121	(48,121)		-0-
<u>679,045</u>	<u>(22,598)</u>	<u>3,295</u>	<u>659,742</u>
158,881			158,881
51,666	2		51,668
63,525			63,525
<u>274,072</u>	<u>2</u>	<u>-0-</u>	<u>274,074</u>
404,973	(22,600)	3,295	385,668
<u>443,335</u>	<u>165,510</u>	<u>480,285</u>	<u>1,089,130</u>
\$ <u><u>848,308</u></u>	\$ <u><u>142,910</u></u>	\$ <u><u>483,580</u></u>	\$ <u><u>1,474,798</u></u>

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

Note 1 - Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

1. Discretely Presented Component Units

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

2. Tompkins County Library Foundation, Inc.

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

B. Basis of Presentation - Fund Accounting

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

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

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

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

The Library records transactions in the fund types described below:

1. Fund Categories

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

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

C. Basis of Accounting/Measurement Focus

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

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

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

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

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

D. Equity Classifications

1. Statement of Net Assets

a) Invested in Capital Assets, Net of Related Debt

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

b) Restricted Net Assets

Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

c) Unrestricted Net Assets

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

E. Vacation and Compensatory Absences

Library employees are granted vacation and earn compensatory absences in varying amounts. Between two and four weeks of vacation time, depending upon length of employment is earned by each full-time, permanent and provisional employee. Benefits accrue upon commencement of employment. Upon termination, employees are compensated for unused vacation time up to a maximum of two years. The value of these benefits was approximately \$117,701 and \$118,799 at December 31, 2010 and 2009, respectively.

F. Postemployment Benefits

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

G. Capital Assets

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

H. Accessions and De-accessions

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

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

Gifts of collection items are not recognized as gift revenue in the accompanying Statements of Activities. During 2010 and 2009, proceeds from deaccessions were \$-0- and \$4,171, respectively.

I. Revenue

The major source of funding for the Library is appropriations from the County government. The Library also receives contributions from the Foundation and the Friends of Tompkins County Public Library. County appropriations are a significant portion of the Library's support, representing 79% of total revenue, with contributions from the Foundation and Friends of the Library representing 4% and 9%, respectively.

J. Restricted Resources

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

Note 2 - Detail Notes

A. Assets

1. Cash and Investments

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

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

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

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

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. Governmental Accounting Standards Board Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Library's name.

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

The Library's aggregate bank balances of \$539,498 are either insured or collateralized with securities held by the pledging financial institution in the Library's name.

2. Accounts Receivable

Accounts receivable consisted of the following at December 31,:

	<u>2010</u>	<u>2009</u>
Due from TCPL Foundation	\$ 187,829	\$ 272,197
Due from Finger Lakes Library System	111,484	-0-
Other	<u>1,315</u>	<u>8,004</u>
Total Accounts Receivable	<u>\$ 300,628</u>	<u>\$ 280,201</u>

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

3. Capital Assets

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

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

Capital assets consisted of the following at December 31,:

	<u>2010</u>			
	<u>Balance at 12/31/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 12/31/10</u>
Historical Cost:				
Equipment	\$ 1,295,197	\$ 9,329	\$	\$ 1,304,526
Collection	<u>5,134,560</u>	<u>271,988</u>	<u>(154,037)</u>	<u>5,252,511</u>
Total Historical Cost	<u>6,429,757</u>	<u>281,317</u>	<u>(154,037)</u>	<u>6,557,037</u>
Less Accumulated Depreciation:				
Equipment	(1,001,776)	(126,696)		(1,128,472)
Collection	<u>(4,467,010)</u>	<u>(320,392)</u>	<u>154,037</u>	<u>(4,633,365)</u>
Total Accumulated Depreciation	<u>(5,468,786)</u>	<u>(447,088)</u>	<u>154,037</u>	<u>(5,761,837)</u>
Total Capital Assets, Net	<u>\$ 960,971</u>	<u>\$ (165,771)</u>	<u>\$ -0-</u>	<u>\$ 795,200</u>



TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

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

Depreciation on all capital assets is computed on the straight-line basis over the estimated useful lives of the assets. Depreciation expense amounted to \$447,088 and \$574,792 for the years ended December 31, 2010 and 2009, respectively.

B. Liabilities

1. Compensated Absences

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

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

Balance 12/31/09	Additions	Payments	Balance 12/31/10
\$ 118,799	\$ -0-	\$ 1,098	\$ 117,701

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

2. Other Postemployment Benefits

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

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

An actuarial valuation of the Library's Retiree Medical Plan (Plan) was performed as of January 1, 2010 for the fiscal year ending December 31, 2010 by the County's contractor in conjunction with the overall evaluation for the County. The Library's actuarial evaluation is stated as a subcomponent of the total County liability. The Plan is a single-employer defined benefit Healthcare Plan administered by the County. The Plan provides medical, hospital, drug and Part B Premium Reimbursements to eligible retirees and their spouses. Authority to establish and amend the Plan rests with the County subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Prescription co-payments and contribution requirements of Plan members and the Library are established and may be amended by the Library subject to applicable collective bargaining and employment agreements. The Library has negotiated collective bargaining agreements which include obligations of Plan members and the Library. Required contribution is based on projected "pay-as-you-go" financing requirements. For the year ended December 31, 2010, the Library's expected contributions were \$82,579 to the Plan for current premiums of 18 retirees, compared to \$76,850 in 2009. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit.

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

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

Normal cost	\$ 318,300
Amortization of UAAL	<u>296,929</u>
Total Annual Required Contribution	615,229
Interest on net OPEB obligation	35,400
Adjustment to annual required contribution	<u>(51,069)</u>
Annual OPEB Cost (Expense)	599,560
Contributions expected on behalf of 18 employees	<u>(82,579)</u>
Increase in Net OPEB Obligation	516,981
Net OPEB Obligation - January 1, 2010	<u>885,003</u>
Net OPEB Obligation - December 31, 2010	<u>\$ 1,401,984</u>

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2008, 2009 and 2010 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/10	\$ 599,560	13.8%	\$ 1,401,984
12/31/09	528,841	14.5%	885,003
12/31/08	449,158	14.7%	433,012

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

As of December 31, 2010, the Plan was not funded. The actuarial accrued liability for benefits was \$4,947,753. There are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,766,247, and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 280% percent.

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

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

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

In the January 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. Actuarial assumptions included an annual healthcare cost trend rate of ten percent initially reduced by decrements to an ultimate rate of five percent after ten years. The rate included a four percent inflation assumption.

Note 3 - Pension Plans

A. General Information

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

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

TOMPKINS COUNTY PUBLIC LIBRARY  
 NOTES TO FINANCIAL STATEMENTS  
 (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

B. Funding Policy

ERS is noncontributory except for employees who joined after July 27, 1976 who contribute three percent of their salary until such time as they have participated in ERS for ten years. After ten years, employees are no longer required to contribute. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members which shall be used in computing the contributions required to be made by the employer to the Pension Accumulation Fund.

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

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

	<u>ERS</u>
2010	\$ 188,229
2009	127,711
2008	119,941

ERS's pension relief legislation (New York State Chapter 620, Laws of 2004) was enacted to provide employers with relief in payment of their annual ERS cost. This legislation provides several options to employers, including delaying their payments from December 15 to February 6 of the ensuing year, payment of a portion of their cost over an amortized period, and the means to issue serial bonds to provide funding for the employer's liability. In addition, the employer was given the option of making full payment on December 15 at a discounted amount. The County exercised its option of making payment on December 15, 2010, equal to 100% of the contributions required for the year.

The New York State Legislature has authorized local governments to make available retirement incentive programs. The County participates in early retirement programs when they are offered and has elected to pay the related cost over a five year amortization period, which includes interest at rates ranging from 8% to 8.5%. There is no remaining liability for these incentive programs at December 31, 2010.

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

Note 4 - Donated Services

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

Note 5 - Related Parties

The Library received contributions of \$280,000 and \$269,200 from the Friends of the Tompkins County Public Library for the years ended December 31, 2010 and 2009, respectively.

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2010 and 2009

Note 6 - Component Unit Transactions

The Library received contributions of \$117,682 and \$142,720 from the Foundation for the years ended December 31, 2010 and 2009, respectively. In addition, the Library received \$1,666 and \$5,386 in-kind contribution of materials for the years ended December 31, 2010 and 2009, respectively.

The County contributed \$2,548,704 and \$2,700,789 to the Library for the years ended December 31, 2010 and 2009, respectively. Additionally for 2010 and 2009, respectively, the County provided \$484,266 and \$485,234 worth of debt service on the building occupied by the Library.

Note 7 - Deficit Unrestricted Net Assets

Unrestricted net assets in the Government-wide Statement of Net Assets shows a deficit balance of \$(793,180) for the year ended December 31, 2010. The deficit is due to the requirement to record other postemployment benefits expense and liability in the Government-wide statements. Currently, there is no mechanism for governments in New York State to fund this liability. Therefore, the liability and the unrestricted net asset deficit are expected to continue for the immediate future.

Note 8 - Impact of Future Standards of the Governmental Accounting Standards Board (GASB)

The Library is in the process of assessing the future effects of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in Governmental Funds. The initial distinction made in reporting fund balance information is identifying amounts considered *nonspendable* such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned and unassigned based on the relative strength of constraints that control how specific amounts can be spent. Governments also are required to classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements is required.

The definitions of the General Fund, Special Revenue Fund type, Capital Projects Fund type, Debt Service Fund type and Permanent Fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the Special Revenue Fund type have been provided and, for some governments, those interpretations may affect activities they choose to report in those funds. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

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

	2010			Variance Fav.(Unfav.)
	Modified Budget	Actual	Encumbrances	
Revenue:				
State source	\$ 27,032	\$ 26,110	\$	\$ (922)
Tompkins County	2,548,704	2,548,704		-0-
City of Ithaca	12,220	13,053		833
Town of Ithaca	20,000	20,000		-0-
Central Library Development grant	94,881	86,833		(8,048)
Friends of TCPL	280,000	280,000		-0-
TCPL Foundation	117,682	117,682		-0-
Library charges	118,550	111,879		(6,671)
Use of money and property	7,500	3,233		(4,267)
Other revenues	16,846	19,063		2,217
<b>Total Revenue</b>	<b>3,243,415</b>	<b>3,226,557</b>	<b>-0-</b>	<b>(16,858)</b>
Expenditures:				
Salaries	1,854,647	1,766,247		88,400
Fringe benefits	397,269	359,438		37,831
Health insurance	428,458	422,724		5,734
Books	180,084	175,970		4,114
Periodicals	13,559	9,984		3,575
AV/CD ROM materials	95,415	93,618		1,797
Insurance	13,620	13,620		-0-
Repairs and maintenance	36,575	30,773		5,802
Supplies and materials	46,800	46,587		213
Telephone	15,550	15,521		29
Postage	5,400	2,362		3,038
Finger Lakes Library System services	59,634	59,634		-0-
Professional fees	197,509	166,322		31,187
Membership dues	2,000	1,637		363
Equipment	21,389	18,223		3,166
Staff development	6,455	5,363		1,092
Publicity and printing	33,630	26,968		6,662
Miscellaneous	32,900	10,635		22,265
<b>Total Expenditures</b>	<b>3,440,894</b>	<b>3,225,626</b>	<b>-0-</b>	<b>215,268</b>
Excess of Revenues (Under) Over Expenditures	(197,479)	931	\$ -0-	\$ 198,410
Appropriated Fund Balance	197,479			
Net Change in Fund Balances	\$ -0-			
Fund Balance, January 1,		725,574		
Fund Balance, December 31,		\$ 726,505		

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

2009

Modified Budget	Actual	Encumbrances	Variance Fav.(Unfav.)
\$ 27,032	\$ 24,329	\$	\$ (2,703)
2,700,789	2,700,789		-0-
13,000	13,735		735
20,000	20,000		-0-
94,881	94,881		-0-
269,200	269,200		-0-
142,720	142,720		-0-
115,250	116,072		822
15,000	6,424		(8,576)
106,739	111,198		4,459
<u>3,504,611</u>	<u>3,499,348</u>	<u>-0-</u>	<u>(5,263)</u>
1,845,942	1,817,937		28,005
342,724	309,267		33,457
392,399	390,782		1,617
192,734	188,904		3,830
14,286	9,914		4,372
107,072	105,212		1,860
13,223	13,223		-0-
33,920	24,150		9,770
55,296	54,700		596
14,160	13,837		323
7,000	4,231		2,769
59,634	59,176		458
211,958	177,831		34,127
2,000	1,010		990
90,300	86,915		3,385
5,357	5,352		5
49,142	35,460		13,682
131,273	111,298		19,975
<u>3,568,420</u>	<u>3,409,199</u>	<u>-0-</u>	<u>159,221</u>
<u>(63,809)</u>	<u>90,149</u>	<u>\$ -0-</u>	<u>\$ 153,958</u>
<u>63,809</u>			
<u>\$ -0-</u>			
	<u>635,425</u>		
	<u>\$ 725,574</u>		

TOMPKINS COUNTY PUBLIC LIBRARY  
 SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED DECEMBER 31, 2010

<u>Year Ended December 31,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
2010	1/1/2010	\$ -0-	\$ 4,947,753	\$ 4,947,753	0.0%	\$ 1,766,247	280%
2009	1/1/2008	\$ -0-	\$ 4,078,023	\$ 4,078,023	0.0%	\$ 1,817,937	224%
2008	1/1/2008	\$ -0-	\$ 3,711,182	\$ 3,771,182	0.0%	\$ 1,846,314	204%



TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1 - Budget Basis of Accounting

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

Note 2 - Reconciliation of the Budget Basis to GAAP

No adjustment is necessary to convert the excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis, as encumbrances are presented in a separate column and are not included in the actual results at December 31, 2010.

Note 3 - Schedule of Funding Progress

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

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

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

*Certified Public Accountants and Consultants*

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Frederick J. Ciaschi, C.P.A.

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

Board of Trustees  
Tompkins County Public Library  
Ithaca, New York

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, and the general fund of Tompkins County Public Library (the Library), a component unit of the County of Tompkins as of and for the years December 31, 2010 and 2009, which collectively comprise the Library's basic financial statements and have issued our report thereon dated July 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

We noted certain matters that we reported to management of the Library, in a separate letter dated July 20, 2011.

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

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

July 20, 2011  
Ithaca, New York