

TOMPKINS COUNTY PUBLIC LIBRARY

Ithaca, New York

FINANCIAL REPORT

December 31, 2011 and 2010

TOMPKINS COUNTY PUBLIC LIBRARY
FOR THE YEAR ENDED DECEMBER 31, 2011

Independent Auditor's Report	1-1a
Required Supplementary Information	
Management's Discussion and Analysis	2-2g
Basic Financial Statements	
Governmental Fund Balance Sheets/Statements of Net Assets	3-3a
Statements of Financial Position - Tompkins County Public Library Foundation, Inc. (Discretely Presented Component Unit)	4
Statements of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statements of Activities	5-5a
Statements of Activities - Tompkins County Public Library Foundation, Inc. (Discretely Presented Component Unit)	6-6a
Notes to Financial Statements	7-18
Required Supplementary Information	
Budgetary Comparison Schedules for the General Fund	19-19a
Schedule of Funding Progress	20
Notes to Required Supplementary Information	21
Report Required Under Government Auditing Standards	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	22-23

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Tompkins County Public Library
Ithaca, New York

We have audited the accompanying financial statements of the governmental activities, 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, 2011 and 2010, 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, 2011 and 2010, 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 May 16, 2012, 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 19 through 21 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.

- 1 -

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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.

Riaschi, Dietershagen, Little, Minkler & Company LLP

May 16, 2012
Ithaca, New York

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

The following is a discussion and analysis of Tompkins County Public Library's (the Library) financial performance for the fiscal years ended December 31, 2011 and 2010. 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 2011 by \$644,278 compared to 2010, when expenses exceeded revenues by \$680,723. This is primarily the result of the requirement to record GASB No. 45 other postemployment benefit expense of \$516,991 and \$516,981 for 2011 and 2010, respectively.
- Net (deficit) for the year ended December 31, 2011 was \$(642,258), reflecting a decrease from net assets of \$2,020 at December 31, 2010. The Library's net assets for the year ended December 31, 2010 decreased by \$(680,723), from \$682,743 to \$2,020. The decreases were primarily due to reporting requirements for other postemployment benefits liability.
- Total fund balance of \$704,101 in the General Fund showed a decrease of \$(22,404) in 2011, from \$726,505 in 2010, with an increase of \$931 in 2010. Of the \$704,101, a total of \$272,584 is appropriated to support the 2012 budget, \$47,565 is reserved for retirement, and \$26,326 is reserved for equipment replacement, leaving a net unassigned fund balance of \$357,626 or approximately 10% of appropriations budgeted for 2012.

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, 2011 and 2010

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

Statement of Net Assets and Statement of Activities Columns

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

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

Governmental Fund Type Columns

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

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

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

Figure 1

Condensed Statement of Net Assets	Governmental Activities and Total Library		
	2009	2010	2011
<i>Current assets</i>	\$ 842,453	\$ 839,977	\$ 812,021
<i>Capital assets, net</i>	960,971	795,200	685,541
Total Assets	1,803,424	1,635,177	1,497,562
<i>Current liabilities</i>	116,879	113,472	107,920
<i>Noncurrent liabilities</i>	1,003,802	1,519,685	2,031,900
Total Liabilities	1,120,681	1,633,157	2,139,820
<i>Invested in capital assets, net of debt</i>	960,971	795,200	685,541
<i>Restricted</i>	141,034	105,486	73,891
<i>Unrestricted net (deficit)</i>	(419,262)	(898,666)	(1,401,690)
Total Net Assets (Deficit)	\$ 682,743	\$ 2,020	\$ (642,258)

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

Net capital assets and invested in capital assets, net of related debt, decreased in 2011 because depreciation expense exceeded capital outlay during 2011. Restricted net assets decreased due to appropriations from the reserve for retirement. The net effect of the Library's activities resulted in decreases in unrestricted net assets of \$503,024 and \$620,438 at December 31, 2011 and 2010, 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 \$(1,401,690). 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

Changes in Net Assets	Governmental Activities and Total Library		
	2009	2010	2011
<i>Revenues:</i>			
<i>State sources</i>	\$ 24,329	\$ 26,110	\$ 23,498
<i>Tompkins County support</i>	2,700,789	2,548,704	2,442,717
<i>City of Ithaca support</i>	13,735	13,053	13,616
<i>Town of Ithaca</i>	20,000	20,000	20,000
<i>CLD grant</i>	94,881	86,833	82,162
<i>Friends of the Library</i>	269,200	280,000	329,950
<i>Library Foundation</i>	142,720	117,682	156,781
<i>Library charges</i>	116,072	111,879	108,526
<i>Other revenue</i>	120,022	24,696	28,069
Total Revenues	3,501,748	3,228,957	3,205,319
<i>Expenses:</i>			
<i>Personnel expenses</i>	2,979,343	3,064,292	3,124,461
<i>Insurance, repairs and maintenance</i>	37,373	44,393	44,037
<i>Supplies and materials</i>	71,008	65,465	58,875
<i>Telephone, postage and printing</i>	53,528	44,851	24,502
<i>Finger Lakes Library System services</i>	59,176	59,634	59,634
<i>Professional dues and fees</i>	178,841	167,959	160,498
<i>Depreciation</i>	574,792	447,088	365,141
<i>Other expenses</i>	116,650	15,998	12,449
Total Expenses	4,070,711	3,909,680	3,849,597
(DECREASE) IN NET ASSETS	\$ (568,963)	\$ (680,723)	\$ (644,278)

Total revenues for the Library's Governmental Activities decreased in 2011 by \$23,638, or 0.7%, while total expenses decreased \$60,083, or 1.1%. Support from Tompkins County decreased by \$105,987 compared to 2010, while Friends of the Library and Library Foundation support increased \$49,950 and \$40,699, respectively. Expenditures decreased primarily due to decreases in salary, depreciation and other expenses, offset by increases in retirement and health insurance expenses.

TOMPKINS COUNTY PUBLIC LIBRARY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

In 2010, total revenues decreased 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 expenses was primarily due to decreases in salary, depreciation and other expenses, offset by increases in other postemployment benefit and health insurance expenses.

Figures 3, 4 and 5 present sources of revenue for years ended December 31, 2011, 2010 and 2009.

Figure 3
Sources of Revenue for 2011

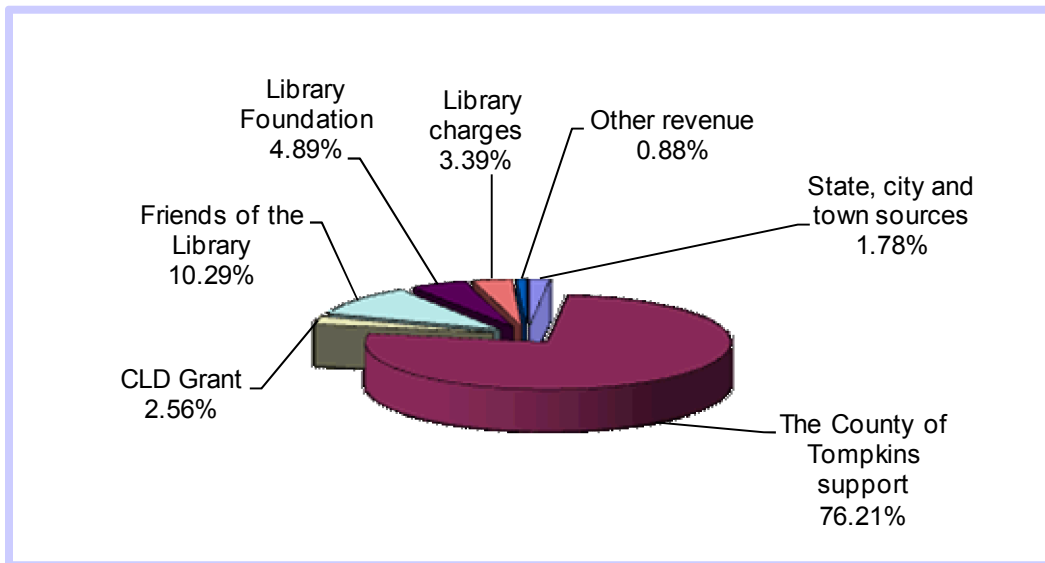
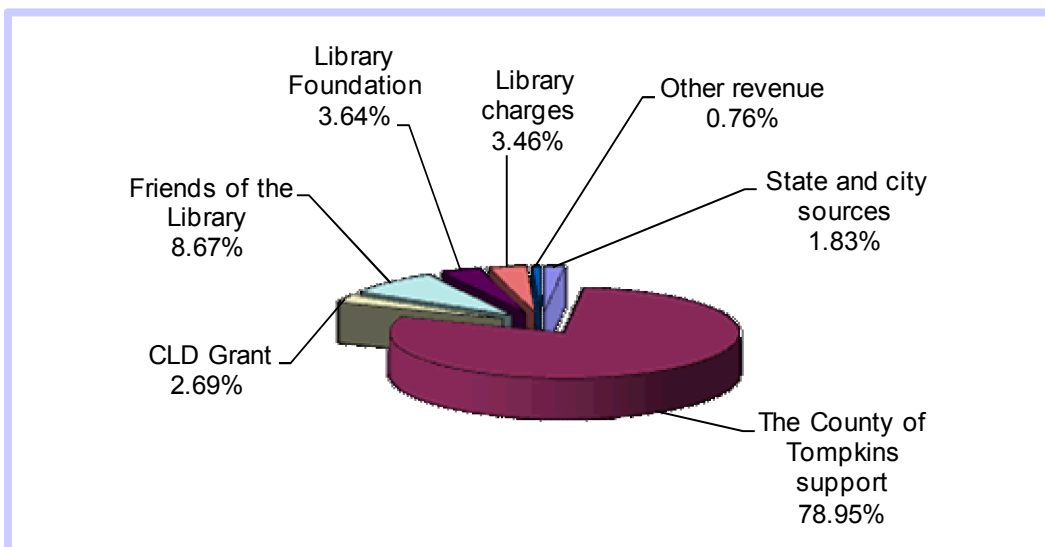


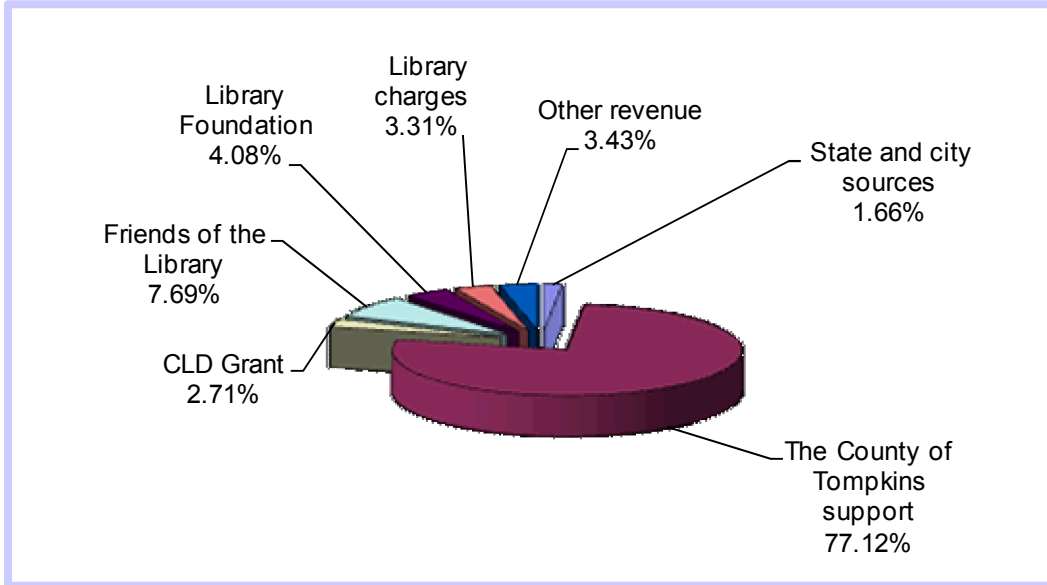
Figure 4
Sources of Revenue for 2010



TOMPKINS COUNTY PUBLIC LIBRARY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

Figure 5

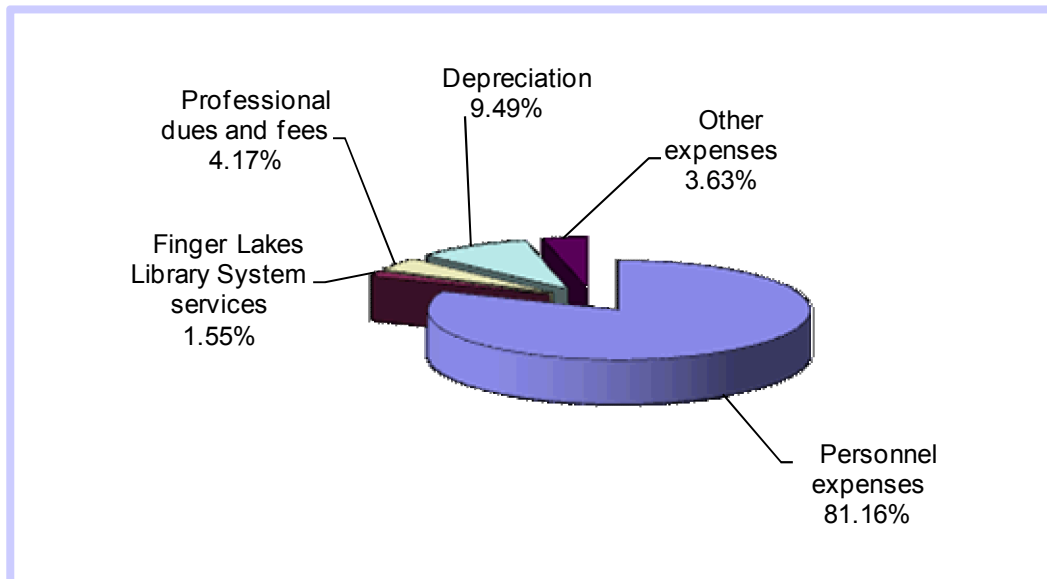
Sources of Revenue for 2009



Figures 6, 7 and 8 present the expenses of the Library for the years ended December 31, 2011, 2010 and 2009.

Figure 6

Expenses 2011



TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

Figure 7

Expenses 2010

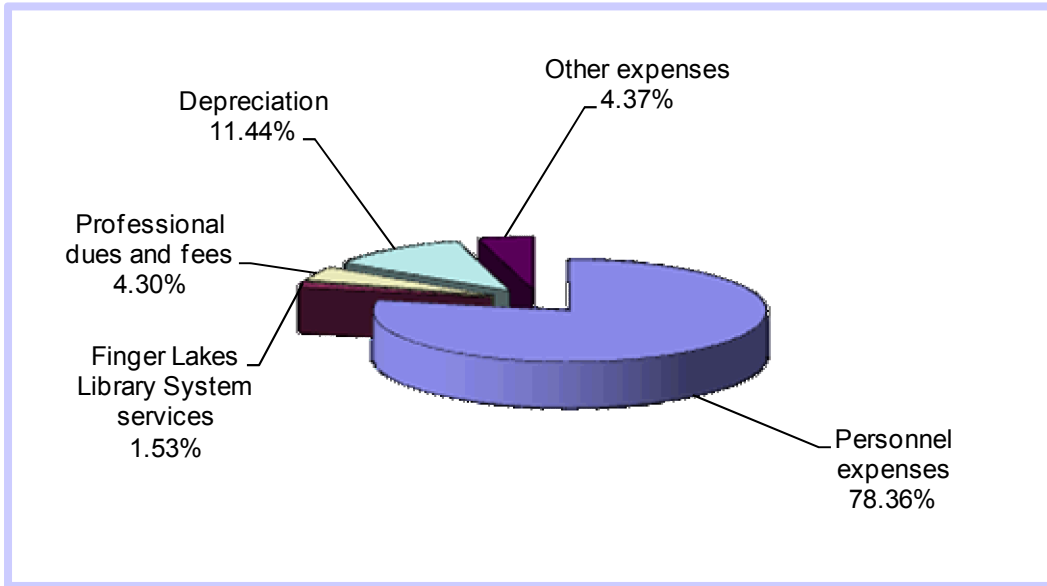
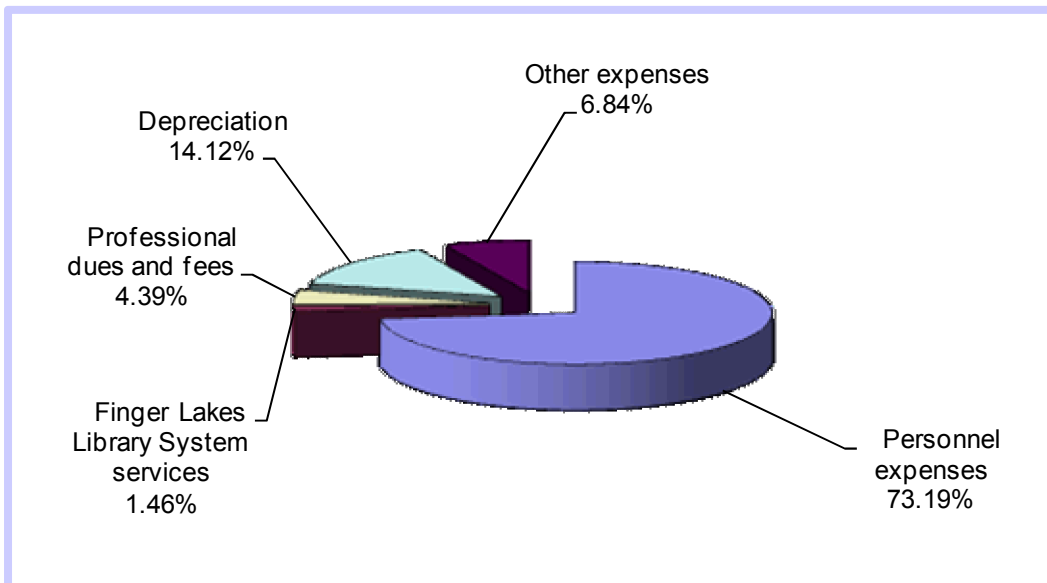


Figure 8

Expenses 2009



TOMPKINS COUNTY PUBLIC LIBRARY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

FINANCIAL ANALYSIS OF THE LIBRARY'S GENERAL FUND

As the Library completed the year ended December 31, 2011, the General Fund reported a combined fund balance of \$704,101, which is lower than last year's total of \$726,505. Unassigned fund balance was \$357,626 at year end, which is 10% of the operating expenditures budgeted for 2012. In 2012, this is within the range of the five to 15% the Government Finance Officer's Association recommends for general-purpose governments, which management believes is appropriate for the Library as well. Unassigned fund balance at December 31, 2010 was \$359,574, which was 11% of the 2011 budgeted operating expenditures. The decrease in the unassigned fund balance compared to 2010 is a result of a decrease in the reserve for retirement offset by an increase in fund balances appropriated for the ensuing year's budget and expenses exceeding revenues in the current year. The amount designated for the subsequent year's expenditures was \$272,584 in 2011, as compared to \$261,445 in 2010. The Library's 2010 General Fund combined fund balance increased \$931 from \$725,574 to \$726,505.

CAPITAL ASSET ADMINISTRATION

Capital Assets

At the end of December 31, 2011, 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 \$(109,659), or (13.8)%, while in 2010 there was a decrease of \$(165,771), or (17.3)%. There were additions of \$14,407 and \$9,329 in equipment and \$241,075 and \$271,988 to the collection for years ended 2011 and 2010, respectively. There were retirements of \$157,575 and \$154,037 in the collection and \$733 and \$-0- retirements of equipment during 2011 and 2010, respectively.

Figure 9

Changes in Net Capital Assets	Governmental Activities and Total Library		
	2009	2010	2011
<i>Equipment</i>	\$ 293,421	\$ 176,054	\$ 141,095
<i>Collection</i>	667,550	619,146	544,446
Total	\$ 960,971	\$ 795,200	\$ 685,541

FACTORS BEARING ON THE LIBRARY'S FUTURE

- County funding, the major funding source for the Library, is expected to decrease or remain flat in 2012, constituting three consecutive years of 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 a small reduction in state funding.
- The Library continues to experience state aid decreases. 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 to earn interest.

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

- While indicators show some improvement in sales tax revenue, further revenue is uncertain and the Library is preparing for levels of decreased or flat 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. The amount received from the Friends of the Library is expected to decrease in 2012. Private donor support from donors, foundations and grants channeled through Tompkins County Public Library Foundation are 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 19.5% 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 attrition are not sufficient.
- Collective bargaining agreements are currently in negotiations with the Professional Staff Association and the Support Staff Association, both of which are represented by the UAW Local 2300.
- 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 additional fund balance draw down of \$213,000 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,

	2011		Statement of Net Assets
	General Fund	Adjustments	
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 584,876	\$	\$ 584,876
Accounts receivable	227,145		227,145
Total Current Assets	812,021	-0-	812,021
Capital assets, net of accumulated depreciation of \$5,968,670 in 2011 and \$5,761,837 in 2010		685,541	685,541
Total Assets	\$ 812,021	685,541	1,497,562
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	\$ 73,218		73,218
Accrued liabilities	34,702		34,702
Total Current Liabilities	107,920	-0-	107,920
Compensated absences		112,925	112,925
Other postemployment benefits liability		1,918,975	1,918,975
Total Liabilities	107,920	2,031,900	2,139,820
<u>FUND BALANCE/NET ASSETS</u>			
Fund Balances:			
Restricted for:			
Retirement	47,565	(47,565)	
Equipment	26,326	(26,326)	
Total Restricted	73,891	(73,891)	-0-
Assigned	272,584	(272,584)	
Unassigned	357,626	(357,626)	
Total Fund Balance	704,101	(704,101)	-0-
Total Liabilities and Fund Balance	\$ 812,021		
Net Assets:			
Invested in capital assets, net of related debt		685,541	685,541
Restricted		73,891	73,891
Unrestricted		(1,401,690)	(1,401,690)
Total Net Assets		\$ (642,258)	\$ (642,258)

See Independent Auditor's Report and Notes to Financial Statements

2010

<u>General</u> <u>Fund</u>	<u>Adjustments</u>	<u>Statement of</u> <u>Net Assets</u>
\$ 539,349	\$	\$ 539,349
300,628		300,628
839,977	-0-	839,977
	795,200	795,200
\$ 839,977	795,200	1,635,177
\$ 79,500		79,500
33,972		33,972
113,472	-0-	113,472
	117,701	117,701
-0-	1,401,984	1,401,984
113,472	1,519,685	1,633,157
79,400	(79,400)	
26,086	(26,086)	
105,486	(105,486)	-0-
261,445	(261,445)	
359,574	(359,574)	
726,505	(726,505)	-0-
\$ 839,977		
	795,200	795,200
	105,486	105,486
	(898,666)	(898,666)
	\$ 2,020	\$ 2,020

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

ASSETS

	<u>2011</u>	<u>2010</u>
Current Assets:		
Cash and cash equivalents	\$ 87,332	\$ 53,985
Restricted cash	31,853	-0-
Accounts receivable	13,688	36,430
Unconditional promises to give	<u>71,033</u>	<u>68,478</u>
Total Current Assets	<u>203,906</u>	<u>158,893</u>
Restricted cash and cash equivalents	183,156	54,400
Long-term investments	1,336,675	1,528,620
Long-term unconditional promises to give, net	48,026	69,798
Equipment, net of accumulated depreciation of \$15,137 in 2010 and \$14,656 in 2009	<u>1,469</u>	<u>2,419</u>
Total Assets	<u><u>\$ 1,773,232</u></u>	<u><u>\$ 1,814,130</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable - Tompkins County Public Library	\$ 224,463	\$ 187,829
Accounts payable and accrued liabilities	<u>7,521</u>	<u>6,888</u>
Total Current Liabilities	<u>231,984</u>	<u>194,717</u>
Net Assets:		
Unrestricted:		
Board designated	1,019,623	1,006,950
Undesignated	<u>(129,495)</u>	<u>52</u>
Total Unrestricted	<u>890,128</u>	<u>1,007,002</u>
Temporarily restricted	156,560	170,626
Permanently restricted	<u>494,560</u>	<u>441,785</u>
Total Net Assets	<u>1,541,248</u>	<u>1,619,413</u>
Total Liabilities and Net Assets	<u><u>\$ 1,773,232</u></u>	<u><u>\$ 1,814,130</u></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,

	2011		
	General Fund	Adjustments	Statement of Activities
Revenues:			
State sources	\$ 23,498	\$	\$ 23,498
Tompkins County	2,442,717		2,442,717
City of Ithaca	13,616		13,616
Town of Ithaca	20,000		20,000
CLD grant	82,162		82,162
Friends of TCPL	329,950		329,950
TCPL Foundation	156,781		156,781
Gifts and donations	1,600	2,400	4,000
Library charges	108,526		108,526
Use of money and property	1,913		1,913
Other revenue	22,156		22,156
Total Revenues	3,202,919	2,400	3,205,319
Expenditures:			
Salaries	1,740,164	(4,776)	1,735,388
Fringe benefits	401,747	516,991	918,738
Health insurance	470,335		470,335
Books	159,856	(159,856)	-0-
Periodicals	10,421		10,421
AV/CD ROM materials	78,819	(78,819)	-0-
Insurance	14,028		14,028
Repairs and maintenance	30,009		30,009
Supplies and materials	43,429		43,429
Telephone	15,026		15,026
Postage	1,739		1,739
Finger Lakes Library System services	59,634		59,634
Professional fees	158,416		158,416
Membership dues	2,082		2,082
Equipment	19,432	(14,407)	5,025
Staff development	6,483		6,483
Publicity and printing	7,737		7,737
Depreciation		365,141	365,141
Miscellaneous	5,966		5,966
Total Expenditures	3,225,323	624,274	3,849,597
Excess of (Expenditures) Over Revenues	(22,404)	(621,874)	(644,278)
Fund Balance/Net Assets			
January 1,	726,505	(724,485)	2,020
December 31,	\$ 704,101	\$ (1,346,359)	\$ (642,258)

See Independent Auditor's Report and Notes to Financial Statements

2010

General Fund	Adjustments	Statement of Activities
\$ 26,110	\$	\$ 26,110
2,548,704		2,548,704
13,053		13,053
20,000		20,000
86,833		86,833
280,000		280,000
117,682		117,682
	2,400	2,400
111,879		111,879
3,233		3,233
19,063		19,063
3,226,557	2,400	3,228,957
1,766,247	(1,098)	1,765,149
359,438	516,981	876,419
422,724		422,724
175,970	(175,970)	-0-
9,984		9,984
93,618	(93,618)	-0-
13,620		13,620
30,773		30,773
46,587		46,587
15,521		15,521
2,362		2,362
59,634		59,634
166,322		166,322
1,637		1,637
18,223	(9,329)	8,894
5,363		5,363
26,968		26,968
	447,088	447,088
10,635		10,635
3,225,626	684,054	3,909,680
931	(681,654)	(680,723)
725,574	(42,831)	682,743
\$ 726,505	\$ (724,485)	\$ 2,020

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

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support:				
Contributions	\$ 235,898	\$ 19,217	\$ 52,775	\$ 307,890
Grants/Other	1,814			1,814
Revenues:				
Interest income	67			67
Dividend income	1,874	20,224		22,098
Capital gain dividends	6,796			6,796
Gain on sale of investments	112,974			112,974
Unrealized (loss) gain on fair value of investments	(198,974)			(198,974)
Net assets reclassified due to investment (losses)	(15,403)	15,403		-0-
In-kind contributions	8,285			8,285
Net assets released from restrictions	68,910	(68,910)		-0-
Total Support and Revenues	222,241	(14,066)	52,775	260,950
Expenses:				
Program services	174,554			174,554
Management and general	72,102			72,102
Fundraising	92,459			92,459
Total Expenses	339,115	-0-	-0-	339,115
CHANGE IN NET ASSETS	(116,874)	(14,066)	52,775	(78,165)
Net Assets, January 1,	1,007,002	170,626	441,785	1,619,413
Net Assets, December 31,	\$ 890,128	\$ 156,560	\$ 494,560	\$ 1,541,248

See Independent Auditor's Report and Notes to Financial Statements

2010

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 186,700	\$ 21,006	\$ 11,950	\$ 219,656 -0-
393			393
	23,912		23,912
3,327			3,327
31,871			31,871
131,906			131,906
(8,438)	8,438		-0-
4,166			4,166
25,640	(25,640)		-0-
<u>375,565</u>	<u>27,716</u>	<u>11,950</u>	<u>415,231</u>
133,835			133,835
63,468			63,468
73,313			73,313
<u>270,616</u>	<u>0</u>	<u>-0-</u>	<u>270,616</u>
104,949	27,716	11,950	144,615
<u>902,053</u>	<u>142,910</u>	<u>429,835</u>	<u>1,474,798</u>
<u>\$ 1,007,002</u>	<u>\$ 170,626</u>	<u>\$ 441,785</u>	<u>\$ 1,619,413</u>

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

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:

Tompkins County Library Foundation, Inc.

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

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, 2011 and 2010

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, 2011 and 2010

D. Equity Classifications

1. Governmental Fund Balance

In the year ending December 31, 2011, the Library implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Statement No. 54 changes the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

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

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

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

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

2. 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 \$112,925 and \$117,701 at December 31, 2011 and 2010, 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, 2011 and 2010

Gifts of collection items are not recognized as gift revenue in the accompanying Statements of Activities. During 2011 and 2010, proceeds from deaccessions were \$-0- and \$-0-, 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 76% of total revenue, with contributions from the Foundation and Friends of the Library representing 5% and 10%, 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, 2011 and 2010

The Library's aggregate bank balances of \$592,625 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>2011</u>	<u>2010</u>
Due from TCPL Foundation	\$ 224,463	\$ 187,829
Due from Finger Lakes Library System	2,341	111,484
Other	<u>341</u>	<u>1,315</u>
Total Accounts Receivable	<u>\$ 227,145</u>	<u>\$ 300,628</u>

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

3. Capital Assets

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

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

Capital assets consisted of the following at December 31,:

	<u>2011</u>			
	<u>Balance at 12/31/10</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 12/31/11</u>
Historical Cost:				
Equipment	\$ 1,304,526	\$ 14,407	\$ (733)	\$ 1,318,200
Collection	<u>5,252,511</u>	<u>241,075</u>	<u>(157,575)</u>	<u>5,336,011</u>
Total Historical Cost	<u>6,557,037</u>	<u>255,482</u>	<u>(158,308)</u>	<u>6,654,211</u>
Less Accumulated Depreciation:				
Equipment	(1,128,472)	(49,366)	733	(1,177,105)
Collection	<u>(4,633,365)</u>	<u>(315,775)</u>	<u>157,575</u>	<u>(4,791,565)</u>
Total Accumulated Depreciation	<u>(5,761,837)</u>	<u>(365,141)</u>	<u>158,308</u>	<u>(5,968,670)</u>
Total Capital Assets, Net	<u>\$ 795,200</u>	<u>\$ (109,659)</u>	<u>\$ -0-</u>	<u>\$ 685,541</u>

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

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

Depreciation on all capital assets is computed on the straight-line basis over the estimated useful lives of the assets. Depreciation expense amounted to \$365,141 and \$447,088 for the years ended December 31, 2011 and 2010, 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 12/31/10	Additions	Payments	Balance 12/31/11
\$ 117,701	\$ -0-	\$ 4,776	\$ 112,925

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, 2011 and 2010

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, 2011 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, 2011, the Library's expected contributions were \$112,172 to the Plan for current premiums of 17 retirees, compared to \$82,579 in 2010. 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	\$ 331,032
Amortization of UAAL	322,953
Total Annual Required Contribution	<u>653,985</u>
Interest on net OPEB obligation	56,079
Adjustment to annual required contribution	<u>(80,901)</u>
Annual OPEB Cost (Expense)	629,163
Contributions expected on behalf of 17 employees	<u>(112,172)</u>
Increase in Net OPEB Obligation	516,991
Net OPEB Obligation - January 1, 2011	<u>1,401,984</u>
Net OPEB Obligation - December 31, 2011	<u>\$ 1,918,975</u>

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2009, 2010 and 2011 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/11	\$ 629,163	17.8%	\$ 1,918,975
12/31/10	599,560	13.8%	1,401,984
12/31/09	528,841	14.5%	885,003

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

As of December 31, 2011, the Plan was not funded. The actuarial accrued liability for benefits was \$5,381,385. There are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,740,164, and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 309% 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.

C. Fund Balances and Net Assets

1. Fund Balance Detail

At December 31, 2011 and 2010, restricted and assigned fund balance in the governmental funds was as follows:

	2011	2010
<u>Nonspendable:</u>		
Total Nonspendable Fund Balance	\$ <u>-0-</u>	\$ <u>-0-</u>
<u>Restricted:</u>		
Reserve for retirement	\$ 47,565	\$ 79,400
Reserve for equipment	<u>26,326</u>	<u>26,086</u>
Total Restricted Fund Balance	<u>\$ 73,891</u>	<u>\$ 105,486</u>
<u>Assigned:</u>		
Appropriated for next year's budget	<u>\$ 272,584</u>	<u>\$ 261,455</u>
Total Assigned Fund Balance	<u>\$ 272,584</u>	<u>\$ 261,455</u>

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

2. Reconciliation between Restricted Fund Balance and Restricted Net Assets

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

3. Restricted Fund Balances

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

2011				
General Fund Restricted Fund Balance	Beginning Balance	Additions	Appropriated	Ending Balance
Reserved for retirement	\$ 79,400	\$	\$ 31,835	\$ 47,565
Reserved for equipment	26,086	240		26,326
Total Restricted Fund Balance	\$ 105,486	\$ 240	\$ 31,835	\$ 73,891
2010				
General Fund Restricted Fund Balance	Beginning Balance	Additions	Appropriated	Ending Balance
Reserved for retirement	\$ 115,413	\$	\$ 36,013	\$ 79,400
Reserved for equipment	25,621	465		26,086
Total Restricted Fund Balance	\$ 141,034	\$ 465	\$ 36,013	\$ 105,486

Note 3 - Pension Plans

A. General Information

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

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

B. Funding Policy

ERS is noncontributory except for employees who joined after July 27, 1976 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.

TOMPKINS COUNTY PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

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>
2011	\$ 227,295
2010	188,229
2009	127,711

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, 2011, 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, 2011.

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 \$329,950 and \$280,000 from the Friends of the Tompkins County Public Library for the years ended December 31, 2011 and 2010, respectively.

Note 6 - Component Unit Transactions

The Library received contributions of \$156,781 and \$117,682 from the Foundation for the years ended December 31, 2011 and 2010, respectively. In addition, the Library received \$5,185 and \$1,666 in-kind contribution of materials for the years ended December 31, 2011 and 2010, respectively, which included a donation of \$1,600 of equipment in 2011.

The County contributed \$2,442,717 and \$2,548,704 to the Library for the years ended December 31, 2011 and 2010, respectively. Additionally for 2011 and 2010, respectively, the County provided \$487,040 and \$484,266 worth of debt service on the building occupied by the Library.

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2011 and 2010

Note 7 - Deficit Unrestricted Net Assets

Unrestricted net assets in the Government-wide Statement of Net Assets shows a deficit balance of \$(1,401,690) for the year ended December 31, 2011. 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 deficit are expected to continue for the immediate future.

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

	2011			Variance Fav.(Unfav.)
	Modified Budget	Actual	Encumbrances	
Revenue:				
State source	\$ 22,435	\$ 23,498	\$	\$ 1,063
Tompkins County	2,442,717	2,442,717		-0-
City of Ithaca	13,705	13,616		(89)
Town of Ithaca	20,000	20,000		-0-
Central Library Development grant	79,020	82,162		3,142
Friends of TCPL	329,950	329,950		-0-
TCPL Foundation	156,786	156,781		(5)
Library charges	115,500	108,526		(6,974)
Use of money and property	3,500	1,913		(1,587)
Other revenues	16,253	22,156		5,903
Total Revenue	3,199,866	3,201,319	-0-	1,453
Expenditures:				
Salaries	1,797,868	1,740,164		57,704
Fringe benefits	460,950	401,747		59,203
Health insurance	485,000	470,335		14,665
Books	170,990	159,856		11,134
Periodicals	15,309	10,421		4,888
AV/CD ROM materials	80,487	78,819		1,668
Insurance	14,030	14,028		2
Repairs and maintenance	37,840	30,009		7,831
Supplies and materials	50,900	43,429		7,471
Telephone	15,035	15,026		9
Postage	3,545	1,739		1,806
Finger Lakes Library System services	59,634	59,634		-0-
Professional fees	192,972	158,416		34,556
Membership dues	2,100	2,082		18
Equipment	19,802	19,432		370
Staff development	7,587	6,483		1,104
Publicity and printing	13,212	7,737		5,475
Miscellaneous	34,050	5,966		28,084
Total Expenditures	3,461,311	3,225,323	-0-	235,988
Excess of Revenues (Under) Over Expenditures	(261,445)	(24,004)	\$ -0-	\$ 237,441
Appropriated Fund Balance	261,445			
Net Change in Fund Balances	\$ -0-			
Fund Balance, January 1,		726,505		
Fund Balance, December 31,		\$ 702,501		

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

2010

	Modified		Variance
)	Budget	Actual	Encumbrances Fav.(Unfav.)
\$	27,032	\$ 26,110	\$ (922)
	2,548,704	2,548,704	-0-
	12,220	13,053	833
	20,000	20,000	-0-
	94,881	86,833	(8,048)
	280,000	280,000	-0-
	117,682	117,682	-0-
	118,550	111,879	(6,671)
	7,500	3,233	(4,267)
	16,846	19,063	2,217
	<u>3,243,415</u>	<u>3,226,557</u>	<u>-0- (16,858)</u>
	1,854,647	1,766,247	88,400
	397,269	359,438	37,831
	428,458	422,724	5,734
	180,084	175,970	4,114
	13,559	9,984	3,575
	95,415	93,618	1,797
	13,620	13,620	-0-
	36,575	30,773	5,802
	46,800	46,587	213
	15,550	15,521	29
	5,400	2,362	3,038
	59,634	59,634	-0-
	197,509	166,322	31,187
	2,000	1,637	363
	21,389	18,223	3,166
	6,455	5,363	1,092
	33,630	26,968	6,662
	32,900	10,635	22,265
	<u>3,440,894</u>	<u>3,225,626</u>	<u>-0- 215,268</u>
	<u>(197,479)</u>	<u>931</u>	<u>\$ -0- \$ 198,410</u>
	<u>197,479</u>		
\$	<u>-0-</u>		
		<u>725,574</u>	
		<u>\$ 726,505</u>	

TOMPKINS COUNTY PUBLIC LIBRARY
 SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2011

<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>
2011	1/1/2010	\$ -0-	\$ 5,381,385	\$ 5,381,385	0.0%	\$ 1,740,164	309%
2010	1/1/2010	\$ -0-	\$ 4,947,753	\$ 4,947,753	0.0%	\$ 1,766,247	280%
2009	1/1/2008	\$ -0-	\$ 4,078,023	\$ 4,078,023	0.0%	\$ 1,817,937	224%

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

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, 2011.

Note 3 - Schedule of Funding Progress

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

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



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& Company, LLP**

Certified Public Accountants and Consultants

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, 2011 and 2010, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 16, 2012. 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.

- 22 -

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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 May 16, 2012.

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 cursive script that reads "Lisa Dietershagen, Little, Minkler & Company, CPA". The signature is written in black ink and is positioned above the typed date and location.

May 16, 2012
Ithaca, New York