

**TOMPKINS COUNTY PUBLIC LIBRARY**

**Ithaca, New York**

**FINANCIAL REPORT**

**December 31, 2012 and 2011**

TOMPKINS COUNTY PUBLIC LIBRARY  
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FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

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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, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditor's Responsibility**

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

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

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

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit and the general fund of the Library, as of December 31, 2012 and 2011, 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.

## **Other Matters**

### ***Required Supplementary Information***

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

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

### **Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2013, 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 in considering the Library's internal control over financial reporting and compliance.



August 20, 2013  
Ithaca, New York

TOMPKINS COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

The following is a discussion and analysis of Tompkins County Public Library's (the Library) financial performance for the fiscal years ended December 31, 2012 and 2011. 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, Inc. in Ithaca, New York.

### FINANCIAL HIGHLIGHTS

- Expenses exceeded revenues in 2012 by \$713,485 compared to 2011, when expenses exceeded revenues by \$644,278. This is primarily the result of the requirement to record GASB No. 45 other postemployment benefits expense of \$515,236 and \$516,991 for 2012 and 2011, respectively.
- Net (deficit) for the year ended December 31, 2012 was \$(1,355,743), reflecting a decrease in net position from a net (deficit) of \$(642,258) at December 31, 2011. The Library's net position for the year ended December 31, 2011 decreased by \$(644,278), from \$2,020 at December 31, 2010, to \$(642,258). The decreases were primarily due to reporting requirements for other postemployment benefits liability.
- Total fund balance of \$540,751 in the General Fund showed a decrease of \$(163,350) in 2012, from \$704,101 in 2011, with a decrease of \$(22,404) in 2011. Of the \$540,751, a total of \$233,984 is assigned to support the 2013 budget, \$21,435 is reserved for retirement, and \$23,186 is reserved for equipment replacement, leaving a net unassigned fund balance of \$262,146 or approximately 7.3% of appropriations budgeted for 2013.

### 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 Positions 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, 2012 and 2011

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

Statement of Net Position and Statement of Activities Columns

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

These two columns in the basic financial statements report the Library's net position and how it has changed. Net position - the difference between the Library's assets and liabilities - 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 Position and Statement of Activities columns, additional information in the notes to the financial statements explains the relationship (or differences) between them.

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

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

**Figure 1**

<b>Condensed Statement of Net Position</b>	<b>Governmental Activities and Total Library</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
<i>Current assets</i>	\$ 839,977	\$ 812,021	\$ 648,045
<i>Capital assets, net</i>	795,200	685,541	657,664
<b>Total Assets</b>	<b>1,635,177</b>	<b>1,497,562</b>	<b>1,305,709</b>
<i>Current liabilities</i>	113,472	107,920	107,294
<i>Noncurrent liabilities</i>	1,519,685	2,031,900	2,554,158
<b>Total Liabilities</b>	<b>1,633,157</b>	<b>2,139,820</b>	<b>2,661,452</b>
<i>Invested in capital assets, net of debt</i>	795,200	685,541	657,664
<i>Restricted</i>	105,486	73,891	44,621
<i>Unrestricted net (deficit)</i>	(898,666)	(1,401,690)	(2,058,028)
<b>Total Net Position (Deficit)</b>	<b>\$ 2,020</b>	<b>\$ (642,258)</b>	<b>\$ (1,355,743)</b>

TOMPKINS COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

Net capital assets and invested in capital assets, net of related debt, decreased in 2012 because depreciation expense exceeded capital outlay during 2012. Restricted net position decreased primarily due to appropriations from the reserve for retirement. The net effect of the Library's activities resulted in decreases in unrestricted net position of \$(666,338) and \$(503,024) at December 31, 2012 and 2011, respectively. These decreases in unrestricted net position were primarily the result of the GASB No. 45 requirement to record other postemployment benefits liability. This is also the cause of the deficit of unrestricted net position of \$(2,058,028). Because there is no mechanism for New York State governments to fund this liability, the deficit in unrestricted net position is expected to continue in the immediate future.

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

**Figure 2**

<b>Changes in Net Position</b>	<b>Governmental Activities and Total Library</b>		
	<b>2010</b>	<b>2011</b>	<b>2012</b>
<i>Revenues:</i>			
<i>State sources</i>	\$ 26,110	\$ 23,498	\$ 25,174
<i>Tompkins County support</i>	2,548,704	2,442,717	2,473,576
<i>City of Ithaca support</i>	13,053	13,616	14,184
<i>Town of Ithaca</i>	20,000	20,000	20,000
<i>CLD grant</i>	86,833	82,162	83,954
<i>Friends of the Library</i>	280,000	329,950	268,400
<i>Library Foundation</i>	117,682	156,781	123,715
<i>Library charges</i>	111,879	108,526	104,039
<i>Other revenue</i>	24,696	28,069	32,398
<b>Total Revenues</b>	<b>3,228,957</b>	<b>3,205,319</b>	<b>3,145,440</b>
<i>Expenses:</i>			
<i>Personnel expenses</i>	3,064,292	3,124,461	3,140,666
<i>Insurance, repairs and maintenance</i>	44,393	44,037	52,895
<i>Supplies and materials</i>	65,465	58,875	57,873
<i>Telephone, postage and printing</i>	44,851	24,502	42,194
<i>Finger Lakes Library System services</i>	59,634	59,634	59,634
<i>Professional dues and fees</i>	167,959	160,498	183,402
<i>Depreciation</i>	447,088	365,141	312,326
<i>Other expenses</i>	15,998	12,449	9,935
<b>Total Expenses</b>	<b>3,909,680</b>	<b>3,849,597</b>	<b>3,858,925</b>
<b>(DECREASE) IN NET POSITION</b>	<b>\$ (680,723)</b>	<b>\$ (644,278)</b>	<b>\$ (713,485)</b>

Total revenues for the Library's Governmental Activities decreased in 2012 by \$(59,879), or 1.9%, while total expenses increased \$9,328, or 0.2%. Support from Tompkins County increased by \$30,859 compared to 2011, while Friends of the Library and Library Foundation support decreased \$(61,550) and \$(33,066), respectively. Expenditures increased primarily due to decreases in salary, depreciation and other expenses, offset by increases in retirement and health insurance expenses, as well as professional fees and printing.

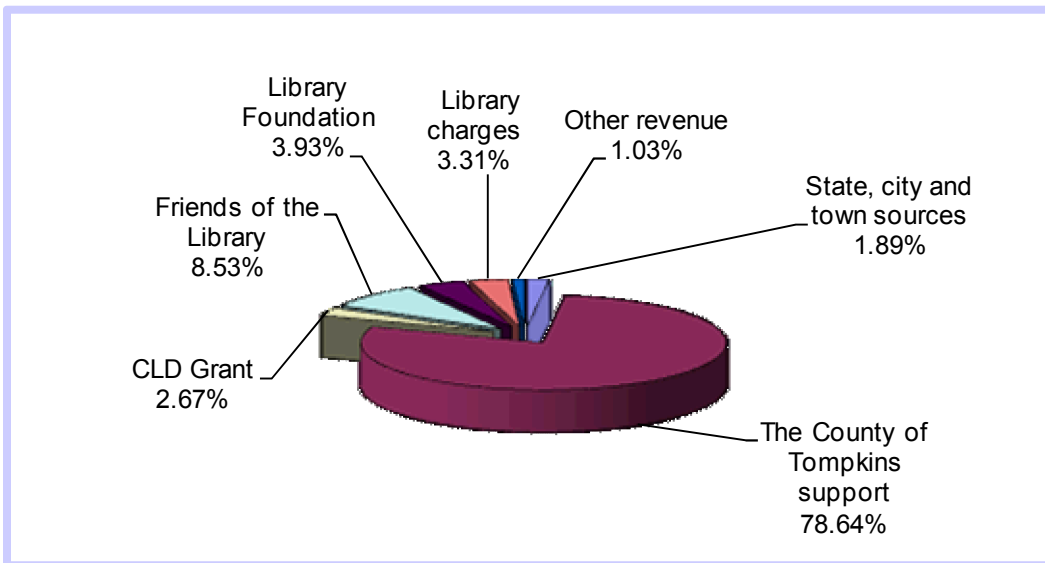
TOMPKINS COUNTY PUBLIC LIBRARY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

In 2011, total revenues decreased by \$(23,638), or 0.7%, while total expenses decreased \$(60,083) or 1.5%. Support from Tompkins County decreased by \$(105,987) compared to 2010. The decrease in expenses was primarily due to decreases in salary, depreciation and other expenses, offset by increases in other postemployment benefits and health insurance expenses.

Figures 3, 4 and 5 present sources of revenue for years ended December 31, 2012, 2011 and 2010.

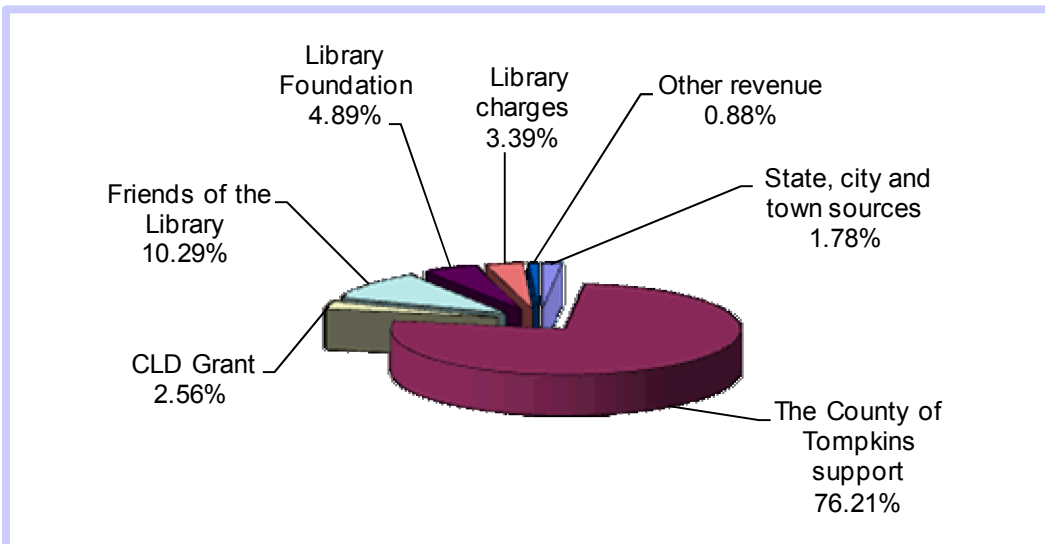
**Figure 3**

**Sources of Revenue for 2012**



**Figure 4**

**Sources of Revenue for 2011**

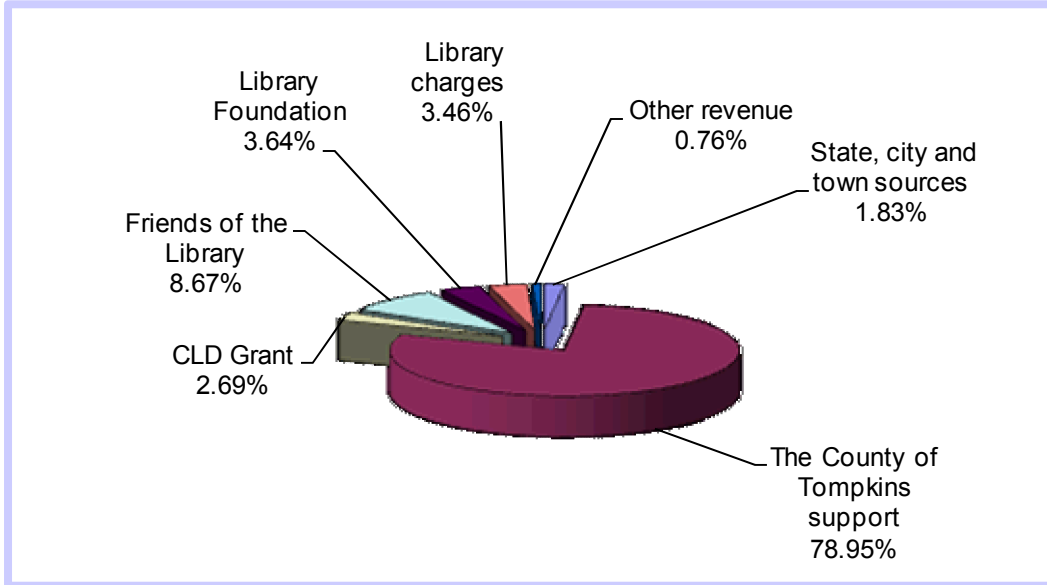




TOMPKINS COUNTY PUBLIC LIBRARY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

**Figure 5**

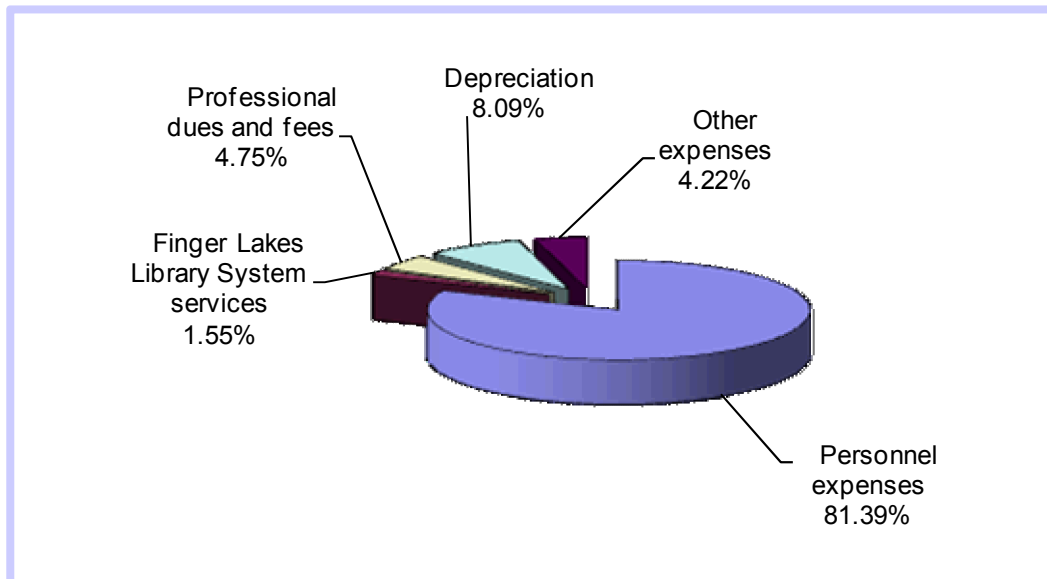
**Sources of Revenue for 2010**



Figures 6, 7 and 8 present the expenses of the Library for the years ended December 31, 2012, 2011 and 2010.

**Figure 6**

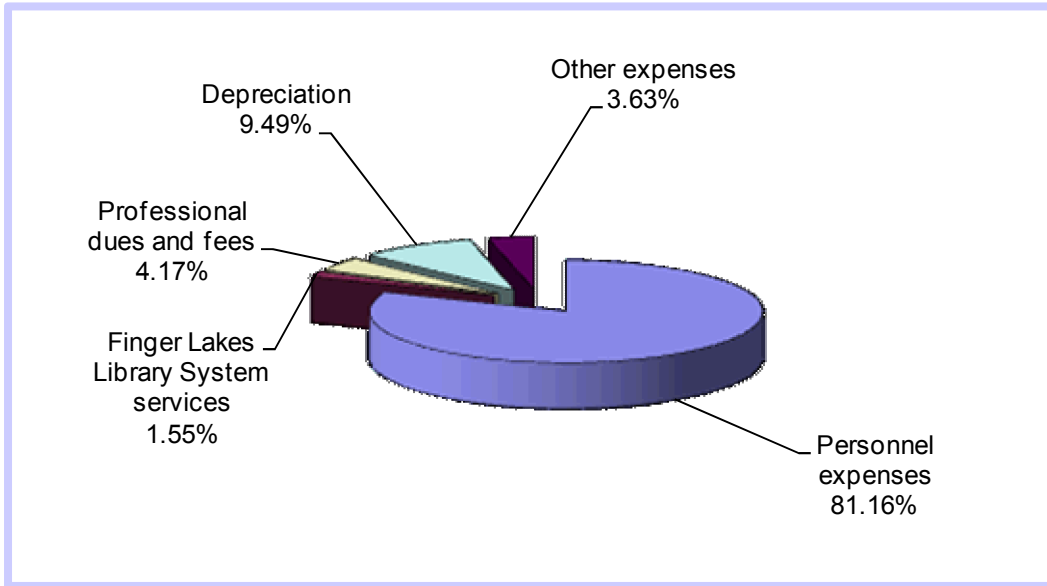
**Expenses 2012**



TOMPKINS COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

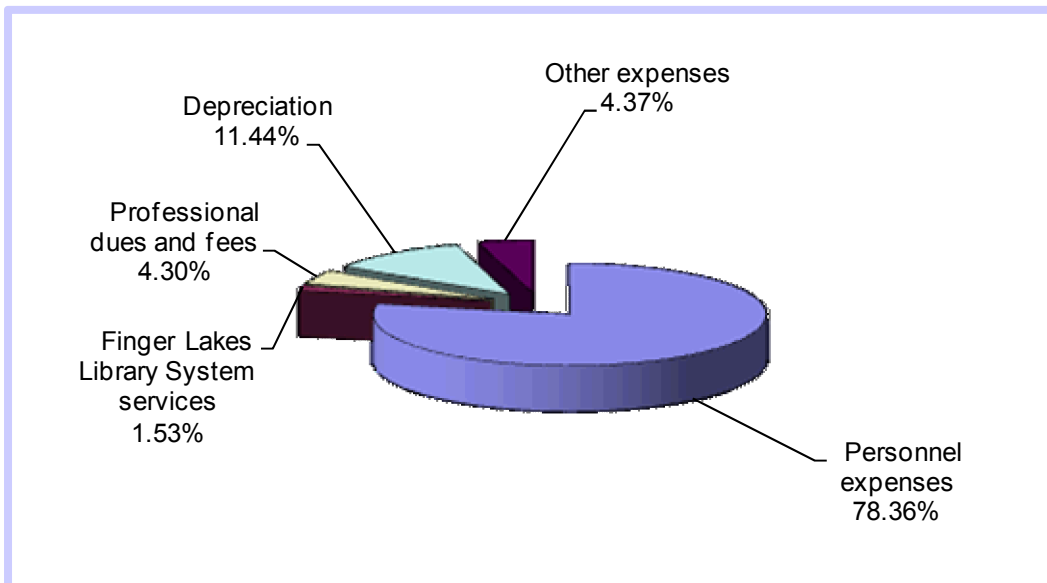
**Figure 7**

**Expenses 2011**



**Figure 8**

**Expenses 2010**



TOMPKINS COUNTY PUBLIC LIBRARY  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

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

As the Library completed the year ended December 31, 2012, the General Fund reported a combined fund balance of \$540,751, which is lower than last year's total of \$704,101. Unassigned fund balance was \$262,146 at year end, which is 7.3% of the operating expenditures budgeted for 2013. 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, 2011 was \$357,626, which was 10% of the 2012 budgeted operating expenditures. The decrease in the unassigned fund balance compared to 2011 is a result of decreases in the reserve for retirement and decrease in fund balances appropriated for the ensuing year's budget offset by expenditures exceeding revenues in the current year. The amount designated for the subsequent year's expenditures was \$233,984 in 2012, as compared to \$272,584 in 2011. The Library's 2011 General Fund combined fund balance decreased \$(22,404) from \$726,505 to \$704,101.

**CAPITAL ASSET ADMINISTRATION**

Capital Assets

At the end of December 31, 2012, 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 \$(27,877), or (4.1)%, while in 2011 there was a decrease of \$(109,659), or (13.8)%. There were additions of \$46,181 and \$14,407 in equipment and \$238,268 and \$241,075 to the collection for years ended 2012 and 2011, respectively. There were retirements of \$160,080 and \$157,575 in the collection and \$6,293 and \$733 retirements of equipment during 2012 and 2011, respectively.

**Figure 9**

<i>Invested in Net Capital Assets</i>	<i>Governmental Activities and Total Library</i>		
	<i>2010</i>	<i>2011</i>	<i>2012</i>
<i>Equipment</i>	\$ 176,054	\$ 141,095	\$ 135,435
<i>Collection</i>	619,146	544,446	522,229
<b><i>Total</i></b>	<b>\$ 795,200</b>	<b>\$ 685,541</b>	<b>\$ 657,664</b>

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

- County funding, the major funding source for the Library, is expected to increase in 2014, but the increase in funding will not be sufficient to resolve the Library's structural deficit. A small work group was formed in early 2013 consisting of three Legislators, the County Administrator and his assistant, three Library Trustees and the Director and Business Manager to explore the Library's structural deficit. The group reviewed revenue sources and expenses and then discussed other possible funding sources, including a referendum. A report with findings and recommendations will be issued later in 2013. Meanwhile, the Library will continue to draw down its remaining fund balance and expects to exhaust its fund balance in 2015.

TOMPKINS COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

- The Library expects state aid to remain stable, but after several years of decreased funding and increased operating expenses the overall loss in aid continues to impair services provided to members of the Finger Lakes Library System. In addition, reductions in state aid to the Finger Lakes Library System has resulted in the Library assuming responsibility for work previously handled by the System; significantly impacting work load of TCPL staff.
- The Library continues to experience significant decreases in interest revenue due to economic conditions. The Library anticipates again reducing the fund balance in 2014 to balance the budget. This will further decrease interest revenue due to lower cash balances available to earn interest.
- The Library continues to rely heavily on income from the Friends of the Library, derived from their two annual book sales, to support a majority of the Library collection and collection related expenses. The amount received from the Friends of the Library should remain stable for the near future, but changes in technology and the way people access literary materials may significantly impact book sale revenue in the coming decade. Private donor support from donors, foundations and grants channeled through Tompkins County Public Library Foundation is expected to be stable. Foundation funding supports the collection and a number of special programmatic initiatives which otherwise would not be possible.
- New York State pension liability is expected to further increase by 10% in 2013, and into 2014 before leveling off. Health insurance costs are also expected to escalate by at least 10% in 2014.
- Collective bargaining agreements with the Professional Staff Association and the Support Staff Association, both of which are represented by the UAW Local 2300, expired December 31, 2012. In late 2012 and early 2013 the Library explored the possibility jointly with both associations of facilitated intensive negotiations as an alternative to the traditional bargaining format. The unions decided against this method. At this time, bargaining has not been initiated by either party but plans to begin negotiations are underway.
- As a result of new census figures, the State of New York mandates the Library to be open 60 hours per week. The Library has been unable to comply and will request a waiver. The Library is studying work load and operating structure in conjunction with labor contract restrictions and anticipates being able to comply by January 2014.

#### **CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT**

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

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

	2012		
	General Fund	Adjustments	Statement of Net Position
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and cash equivalents	\$ 520,560	\$	\$ 520,560
Accounts receivable	127,485		127,485
Total Current Assets	648,045	-0-	648,045
Capital assets, net of accumulated depreciation of \$6,114,623 in 2012 and \$5,968,670 in 2011		657,664	657,664
Total Assets	\$ 648,045	657,664	1,305,709
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Accounts payable	\$ 67,379		67,379
Accrued liabilities	39,915		39,915
Total Current Liabilities	107,294	-0-	107,294
Compensated absences		119,947	119,947
Other postemployment benefits liability		2,434,211	2,434,211
Total Liabilities	107,294	2,554,158	2,661,452
<b><u>FUND BALANCE/NET POSITION</u></b>			
Fund Balances:			
Restricted for:			
Retirement	21,435	(21,435)	
Equipment	23,186	(23,186)	
Total Restricted	44,621	(44,621)	-0-
Assigned	233,984	(233,984)	
Unassigned	262,146	(262,146)	
Total Fund Balance	540,751	(540,751)	-0-
Total Liabilities and Fund Balance	\$ 648,045		
Net Position:			
Invested in capital assets, net of related debt		657,664	657,664
Restricted		44,621	44,621
Unrestricted		(2,058,028)	(2,058,028)
Total Net Position		\$ (1,355,743)	\$ (1,355,743)

See Independent Auditor's Report and Notes to Financial Statements

2011

<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 584,876	\$	\$ 584,876
<u>227,145</u>		<u>227,145</u>
812,021	-0-	812,021
	<u>685,541</u>	<u>685,541</u>
<u>\$ 812,021</u>	<u>685,541</u>	<u>1,497,562</u>
\$ 73,218		73,218
<u>34,702</u>		<u>34,702</u>
107,920	-0-	107,920
	112,925	112,925
-0-	<u>1,918,975</u>	<u>1,918,975</u>
<u>107,920</u>	<u>2,031,900</u>	<u>2,139,820</u>
47,565	(47,565)	
<u>26,326</u>	<u>(26,326)</u>	
73,891	(73,891)	-0-
272,584	(272,584)	
<u>357,626</u>	<u>(357,626)</u>	
704,101	(704,101)	-0-
<u>\$ 812,021</u>		
	<u>685,541</u>	<u>685,541</u>
	<u>73,891</u>	<u>73,891</u>
	<u>(1,401,690)</u>	<u>(1,401,690)</u>
	<u>\$ (642,258)</u>	<u>\$ (642,258)</u>

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

**ASSETS**

	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash and cash equivalents	\$ 22,470	\$ 87,332
Restricted cash	40,857	31,853
Accounts receivable	11,831	13,688
Unconditional promises to give	<u>75,531</u>	<u>71,033</u>
Total Current Assets	<u>150,689</u>	<u>203,906</u>
Restricted cash and cash equivalents	70,852	183,156
Long-term investments	1,559,915	1,336,675
Long-term unconditional promises to give, net	45,945	48,026
Equipment, net of accumulated depreciation of \$3,736 and \$14,254, respectively	<u>1,217</u>	<u>1,469</u>
Total Assets	<u>\$ 1,828,618</u>	<u>\$ 1,773,232</u>

**LIABILITIES AND NET ASSETS**

Current Liabilities:		
Accounts payable - Tompkins County Public Library	\$ 125,464	\$ 224,463
Accounts payable and accrued liabilities	<u>9,720</u>	<u>7,521</u>
Total Current Liabilities	<u>135,184</u>	<u>231,984</u>
Net Assets:		
Unrestricted:		
Board designated	982,236	1,019,623
Undesignated	21,810	(129,495)
Total Unrestricted	<u>1,004,046</u>	<u>890,128</u>
Temporarily restricted	158,977	156,560
Permanently restricted	<u>530,411</u>	<u>494,560</u>
Total Net Assets	<u>1,693,434</u>	<u>1,541,248</u>
Total Liabilities and Net Assets	<u>\$ 1,828,618</u>	<u>\$ 1,773,232</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.

	2012		
	General Fund	Adjustments	Statement of Activities
<b>Revenues:</b>			
State sources	\$ 25,174	\$	\$ 25,174
Tompkins County	2,473,576		2,473,576
City of Ithaca	14,184		14,184
Town of Ithaca	20,000		20,000
Central Development Library grant	83,954		83,954
Friends of TCPL	268,400		268,400
TCPL Foundation	123,715		123,715
Gifts and donations		2,400	2,400
Library charges	104,039		104,039
Use of money and property	1,110		1,110
Other revenue	28,888		28,888
<b>Total Revenues</b>	<u>3,143,040</u>	<u>2,400</u>	<u>3,145,440</u>
<b>Expenditures:</b>			
Salaries	1,686,350	7,022	1,693,372
Fringe benefits	432,439	515,236	947,675
Health insurance	499,619		499,619
Books	145,977	(145,977)	-0-
Periodicals	9,865		9,865
AV/CD ROM materials	89,347	(89,347)	-0-
Insurance	14,449		14,449
Repairs and maintenance	38,446		38,446
Supplies and materials	45,600		45,600
Telephone	15,056		15,056
Postage	1,018		1,018
Finger Lakes Library System services	59,634		59,634
Professional fees	181,629		181,629
Membership dues	1,773		1,773
Equipment	48,589	(46,181)	2,408
Staff development	3,556		3,556
Publicity and printing	26,120		26,120
Depreciation		312,326	312,326
Miscellaneous	6,923	(544)	6,379
<b>Total Expenditures/Expenses</b>	<u>3,306,390</u>	<u>552,535</u>	<u>3,858,925</u>
<b>Excess of (Expenditures/Expenses)</b>	(163,350)	(550,135)	(713,485)
<b>Fund Balance/Net Position</b>			
January 1,	<u>704,101</u>	<u>(1,346,359)</u>	<u>(642,258)</u>
December 31,	<u>\$ 540,751</u>	<u>\$ (1,896,494)</u>	<u>\$ (1,355,743)</u>

See Independent Auditor's Report and Notes to Financial Statements



2011

General Fund	Adjustments	Statement of Activities
\$ 23,498	\$	\$ 23,498
2,442,717		2,442,717
13,616		13,616
20,000		20,000
82,162		82,162
329,950		329,950
156,781		156,781
1,600	2,400	4,000
108,526		108,526
1,913		1,913
22,156		22,156
<u>3,202,919</u>	<u>2,400</u>	<u>3,205,319</u>
1,740,164	(4,776)	1,735,388
401,747	516,991	918,738
470,335		470,335
159,856	(159,856)	-0-
10,421		10,421
78,819	(78,819)	-0-
14,028		14,028
30,009		30,009
43,429		43,429
15,026		15,026
1,739		1,739
59,634		59,634
158,416		158,416
2,082		2,082
19,432	(14,407)	5,025
6,483		6,483
7,737		7,737
	365,141	365,141
5,966		5,966
<u>3,225,323</u>	<u>624,274</u>	<u>3,849,597</u>
(22,404)	(621,874)	(644,278)
<u>726,505</u>	<u>(724,485)</u>	<u>2,020</u>
<u>\$ 704,101</u>	<u>\$ (1,346,359)</u>	<u>\$ (642,258)</u>

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

	2012			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support:				
Contributions	\$ 227,688	\$ 2,417	\$ 35,851	\$ 265,956
Grants/Other	66			66
Revenues:				
Interest income	24			24
Dividend income	14,300	18,254		32,554
Capital gain dividends		11,836		11,836
Gain on sale of investments	20,028			20,028
Unrealized gain (loss) on fair value of investments	126,497			126,497
Net assets reclassified due to investment (losses)	(7,411)	7,411		-0-
In-kind contributions	5,624			5,624
Net assets released from restrictions	37,501	(37,501)		-0-
Total Support and Revenues	<u>424,317</u>	<u>2,417</u>	<u>35,851</u>	<u>462,585</u>
Expenses:				
Program services	146,416			146,416
Management and general	80,543			80,543
Fundraising	83,440			83,440
Total Expenses	<u>310,399</u>	<u>-0-</u>	<u>-0-</u>	<u>310,399</u>
CHANGE IN NET ASSETS	113,918	2,417	35,851	152,186
Net Assets, January 1,	<u>890,128</u>	<u>156,560</u>	<u>494,560</u>	<u>1,541,248</u>
Net Assets, December 31,	<u>\$ 1,004,046</u>	<u>\$ 158,977</u>	<u>\$ 530,411</u>	<u>\$ 1,693,434</u>

See Independent Auditor's Report and Notes to Financial Statements

2011

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 235,898	\$ 19,217	\$ 52,775	\$ 307,890
1,814			1,814
67			67
1,874	20,224		22,098
6,796			6,796
112,974			112,974
(198,974)			(198,974)
(15,403)	15,403		-0-
8,285			8,285
68,910	(68,910)		-0-
<u>222,241</u>	<u>(14,066)</u>	<u>52,775</u>	<u>260,950</u>
166,235			166,235
80,421			80,421
92,459	-0-	-0-	92,459
<u>339,115</u>	<u>-0-</u>	<u>-0-</u>	<u>339,115</u>
(116,874)	(14,066)	52,775	(78,165)
<u>1,007,002</u>	<u>170,626</u>	<u>441,785</u>	<u>1,619,413</u>
<u>\$ 890,128</u>	<u>\$ 156,560</u>	<u>\$ 494,560</u>	<u>\$ 1,541,248</u>

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

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," which amended 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 Position and Statements of Activities).

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

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

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

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

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

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 nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

2. Statement of Net Position

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 Position

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 Position

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 \$119,947 and \$112,925 at December 31, 2012 and 2011, respectively.

F. Postemployment Benefits

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

G. Capital Assets

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

H. Accessions and De-accessions

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

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

Gifts of collection items are not recognized as gift revenue in the accompanying Statements of Activities. During 2012 and 2011, 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 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, 2012 and 2011

The Library's aggregate bank balances of \$526,700 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>2012</u>	<u>2011</u>
Due from TCPL Foundation	\$ 125,464	\$ 224,463
Due from Finger Lakes Library System	-0-	2,341
Other	<u>2,021</u>	<u>341</u>
Total Accounts Receivable	<u>\$ 127,485</u>	<u>\$ 227,145</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>2012</u>			
	<u>Balance at 12/31/11</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 12/31/12</u>
Historical Cost:				
Equipment	\$ 1,318,200	\$ 46,181	\$ (6,293)	\$ 1,358,088
Collection	5,336,011	238,268	(160,080)	5,414,199
Total Historical Cost	<u>6,654,211</u>	<u>284,449</u>	<u>(166,373)</u>	<u>6,772,287</u>
Less Accumulated Depreciation:				
Equipment	(1,177,105)	(51,841)	6,293	(1,222,653)
Collection	<u>(4,791,565)</u>	<u>(260,485)</u>	<u>160,080</u>	<u>(4,891,970)</u>
Total Accumulated Depreciation	<u>(5,968,670)</u>	<u>(312,326)</u>	<u>166,373</u>	<u>(6,114,623)</u>
Total Capital Assets, Net	<u>\$ 685,541</u>	<u>\$ (27,877)</u>	<u>\$ -0-</u>	<u>\$ 657,664</u>

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

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

Depreciation on all capital assets is computed on the straight-line basis over the estimated useful lives of the assets. Depreciation expense amounted to \$312,326 and \$365,141 for the years ended December 31, 2012 and 2011, 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 12/31/11	Additions	Payments	Balance 12/31/12
\$ 112,925	\$ 7,022	\$ -0-	\$ 119,947

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

2. Other Postemployment Benefits

The Library complies with Government Accounting Standards Board (GASB) Statement Number 45 "Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions."

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

An actuarial valuation of the Library's Retiree Healthcare Plan (Plan) was performed as of January 1, 2012 for the fiscal year ending December 31, 2012 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, 2012, the Library's expected contributions were \$61,442 to the Plan for current premiums of 16 retirees, compared to \$112,172 in 2011. 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	\$ 299,778
Amortization of UAAL	315,588
Total Annual Required Contribution	<u>615,366</u>
Interest on net OPEB obligation	76,759
Adjustment to annual required contribution	<u>(115,447)</u>
Annual OPEB Cost (Expense)	576,678
Contributions expected on behalf of 16 employees	<u>(61,442)</u>
Increase in Net OPEB Obligation	515,236
Net OPEB Obligation - January 1, 2012	<u>1,918,975</u>
Net OPEB Obligation - December 31, 2012	<u>\$ 2,434,211</u>

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2010, 2011 and 2012 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/12	\$ 576,678	10.7%	\$ 2,434,211
12/31/11	629,163	17.8%	1,918,975
12/31/10	599,560	13.8%	1,401,984

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

As of December 31, 2012, the Plan was not funded. The actuarial accrued liability for benefits was \$5,043,968. There are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,686,350, and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 299% 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, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. Actuarial assumptions included an annual medical cost trend rate of 8% initially, reduced by decrements to an ultimate rate of 5% after ten years. The rate included 2.9% inflation rate and 4% discount rate assumptions.

C. Fund Balances and Net Position

1. Fund Balance Detail

At December 31, 2012 and 2011, restricted and assigned fund balance in the governmental funds was as follows:

	<u>2012</u>	<u>2011</u>
<u>Nonspendable:</u>		
Total Nonspendable Fund Balance	\$ <u>-0-</u>	\$ <u>-0-</u>
<u>Restricted:</u>		
Reserve for retirement	\$ 21,435	\$ 47,565
Reserve for equipment	<u>23,186</u>	<u>26,326</u>
Total Restricted Fund Balance	<u>\$ 44,621</u>	<u>\$ 73,891</u>
<u>Assigned:</u>		
Appropriated for next year's budget	<u>\$ 233,984</u>	<u>\$ 272,584</u>
Total Assigned Fund Balance	<u>\$ 233,984</u>	<u>\$ 272,584</u>

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2012 and 2011

2. Reconciliation between Restricted Fund Balance and Restricted Net Position

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

3. Restricted Fund Balances

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

2012				
General Fund Restricted Fund Balance	Beginning Balance	Additions	Appropriated	Ending Balance
Reserved for retirement	\$ 47,565	\$ 73,870	\$ 100,000	\$ 21,435
Reserved for equipment	26,326		3,140	23,186
Total Restricted Fund Balance	\$ 73,891	\$ 73,870	\$ 103,140	\$ 44,621
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

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 3% 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, 2012 and 2011

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:

	ERS
2012	\$ 265,631
2011	227,295
2010	188,229

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, 2012, 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, 2012.

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 \$268,400 and \$329,950 from the Friends of the Tompkins County Public Library for the years ended December 31, 2012 and 2011, respectively.

**Note 6 - Component Unit Transactions**

The Library received contributions of \$123,715 and \$156,781 from the Foundation for the years ended December 31, 2012 and 2011, respectively. In addition, the Library received \$975 and \$5,185 in-kind contribution of materials for the years ended December 31, 2012 and 2011, respectively, which included a donation of \$1,600 of equipment in 2011.

The County contributed \$2,473,576 and \$2,442,717 to the Library for the years ended December 31, 2012 and 2011, respectively. Additionally for 2012 and 2011, respectively, the County provided \$484,174 and \$487,040 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, 2012 and 2011

Note 7 - Deficit Unrestricted Net Position

Unrestricted net position in the Government-wide Statement of Net Position shows a deficit balance of \$(2,058,028) for the year ended December 31, 2012. 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,

	2012			
	Modified Budget	Actual	Encumbrances	Variance Fav.(Unfav.)
Revenue:				
State source	\$ 24,180	\$ 25,174	\$	\$ 994
Tompkins County	2,473,576	2,473,576		-0-
City of Ithaca	14,184	14,184		-0-
Town of Ithaca	20,000	20,000		-0-
Central Library Development grant	84,872	83,954		(918)
Friends of TCPL	268,400	268,400		-0-
TCPL Foundation	123,715	123,715		-0-
Gifts and donations				-0-
Library charges	107,225	104,039		(3,186)
Use of money and property	2,000	1,110		(890)
Other revenues	18,175	28,888		10,713
Total Revenue	<u>3,136,327</u>	<u>3,143,040</u>	<u>-0-</u>	<u>6,713</u>
Expenditures:				
Salaries	1,720,028	1,686,350		33,678
Fringe benefits	457,422	432,439		24,983
Health insurance	515,000	499,619		15,381
Books	158,388	145,977		12,411
Periodicals	14,214	9,865		4,349
AV/CD ROM materials	95,135	89,347		5,788
Insurance	14,450	14,449		1
Repairs and maintenance	40,236	38,446		1,790
Supplies and materials	51,600	45,600		6,000
Telephone	15,060	15,056		4
Postage	3,480	1,018		2,462
Finger Lakes Library System services	59,634	59,634		-0-
Professional fees	191,434	181,629		9,805
Membership dues	2,000	1,773		227
Equipment	49,045	48,589		456
Staff development	6,103	3,556		2,547
Publicity and printing	30,442	26,120		4,322
Miscellaneous	29,200	6,923		22,277
Total Expenditures	<u>3,452,871</u>	<u>3,306,390</u>	<u>-0-</u>	<u>146,481</u>
Excess of Revenues (Under) Over Expenditures	<u>(316,544)</u>	<u>(163,350)</u>	<u>\$ -0-</u>	<u>\$ 153,194</u>
Appropriated Fund Balance	<u>316,544</u>			
Net Change in Fund Balances	<u>\$ -0-</u>			
Fund Balance, January 1,		<u>704,101</u>		
Fund Balance, December 31,		<u>\$ 540,751</u>		

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



2011

Modified		Variance	
Budget	Actual	Encumbrances	Fav.(Unfav.)
\$ 22,435	\$ 23,498	\$	\$ 1,063
2,442,717	2,442,717		-0-
13,705	13,616		(89)
20,000	20,000		-0-
79,020	82,162		3,142
329,950	329,950		-0-
156,786	156,781		(5)
	1,600		(1,600)
115,500	108,526		(6,974)
3,500	1,913		(1,587)
16,253	22,156		5,903
<u>3,199,866</u>	<u>3,202,919</u>	<u>-0-</u>	<u>3,053</u>
1,797,868	1,740,164		57,704
460,950	401,747		59,203
485,000	470,335		14,665
170,990	159,856		11,134
15,309	10,421		4,888
80,487	78,819		1,668
14,030	14,028		2
37,840	30,009		7,831
50,900	43,429		7,471
15,035	15,026		9
3,545	1,739		1,806
59,634	59,634		-0-
192,972	158,416		34,556
2,100	2,082		18
19,802	19,432		370
7,587	6,483		1,104
13,212	7,737		5,475
34,050	5,966		28,084
<u>3,461,311</u>	<u>3,225,323</u>	<u>-0-</u>	<u>235,988</u>
<u>(261,445)</u>	<u>(22,404)</u>	<u>\$ -0-</u>	<u>\$ 239,041</u>
<u>261,445</u>			
\$ <u>-0-</u>			
	<u>726,505</u>		
	<u>\$ 704,101</u>		

TOMPKINS COUNTY PUBLIC LIBRARY  
 SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED DECEMBER 31, 2012

<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>
2012	1/1/2012	\$ -0-	\$ 5,043,968	\$ 5,043,968	0.0%	\$ 1,686,350	299%
2011	1/1/2010	\$ -0-	\$ 5,381,385	\$ 5,381,385	0.0%	\$ 1,740,164	309%
2010	1/1/2010	\$ -0-	\$ 4,947,753	\$ 4,947,753	0.0%	\$ 1,766,247	280%

TOMPKINS COUNTY PUBLIC LIBRARY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2012

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, 2012.

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.  
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D. Leslie Spurgin, C.P.A.

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**Ciaschi • Dietershagen • Little • Mickelson  
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*Certified Public Accountants and Consultants*

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Frederick J. Ciaschi, C.P.A.

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

Board of Trustees  
Tompkins County Public Library  
Ithaca, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, and the general fund of Tompkins County Public Library (the Library), a component unit of the County of Tompkins, as of and for the years December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated August 20, 2013.

**Internal Control Over Financial Reporting**

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

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

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

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### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Library's financial statements are free 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 August 20, 2013.

### **Purpose of this Report**

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

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

August 20, 2013  
Ithaca, New York