

TOMPKINS COUNTY PUBLIC LIBRARY

Ithaca, New York

FINANCIAL REPORT

December 31, 2013 and 2012

TOMPKINS COUNTY PUBLIC LIBRARY
 TABLE OF CONTENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

Independent Auditor's Report	1-2
Required Supplementary Information	
Management's Discussion and Analysis	3-3h
Basic Financial Statements	
Governmental Fund Balance Sheets/Statements of Net Position	4-4a
Statements of Financial Position - Tompkins County Public Library Foundation, Inc. (Discretely Presented Component Unit)	5
Statements of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statements of Activities	6-6a
Statements of Activities - Tompkins County Public Library Foundation, Inc. (Discretely Presented Component Unit)	7-7a
Notes to Financial Statements	8-19
Required Supplementary Information	
Budgetary Comparison Schedules for the General Fund	20-20a
Schedule of Funding Progress	21
Notes to Required Supplementary Information	22
Report Required Under Government Auditing Standards	
Independent Auditor's 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>	23-24

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.



Ciaschi • Dietershagen • Little • Mickelson & Company, LLP

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Tompkins County Public Library
Ithaca, New York

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit and the general fund of Tompkins County Public Library (the Library), a component unit of the County of Tompkins, as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

- 1 -

CORTLAND

39 Church Street
Cortland, New York 13045
607-753-7439
fax 607-753-7874

ITHACA

401 East State Street ~ Suite 500
Ithaca, New York 14850
607-272-4444
fax 607-273-8372
www.cdlim.com

WATKINS GLEN

108 West Fourth Street
Watkins Glen, New York 14891
607-535-4443
fax 607-535-6220

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, 2013 and 2012, and the respective changes in financial position, where applicable thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information and Schedule of Funding Progress on pages 3 through 3h 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 July 18, 2014, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.



July 18, 2014
Ithaca, New York

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

The following is a discussion and analysis of Tompkins County Public Library's (the Library) financial performance for the fiscal years ended December 31, 2013 and 2012. 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 2013 by \$494,305 compared to 2012, when expenses exceeded revenues by \$713,485. This is primarily the result of the requirement to record GASB No. 45 other postemployment benefits expense of \$526,415 and \$515,236 for 2013 and 2012, respectively.
- Net (deficit) for the year ended December 31, 2013 was \$(1,850,048), reflecting a decrease in net position from a net (deficit) of \$(1,355,743) at December 31, 2012. The Library's net (deficit) for the year ended December 31, 2012 decreased by \$(713,485), from \$(642,258) at December 31, 2011, to \$(1,355,743). The decreases were primarily due to reporting requirements for other postemployment benefits liability.
- Total fund balance of \$499,475 in the General Fund showed a decrease of \$(41,276) in 2013, from \$540,751 in 2012, with a decrease of \$(163,350) in 2012. Of the \$499,475, a total of \$145,049 is assigned to support the 2014 budget, \$7,724 is reserved for retirement, and \$16,076 is reserved for equipment replacement, leaving a net unassigned fund balance of \$330,626 or approximately 8.6% of appropriations budgeted for 2014.

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, 2013 and 2012

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

Statement of Net Position and Statement of Activities Columns

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

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

Governmental Fund Type Columns

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

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

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

Figure 1

Condensed Statement of Net Position	Governmental Activities and Total Library		
	2011	2012	2013
<i>Current assets</i>	\$ 812,021	\$ 648,045	\$ 581,187
<i>Capital assets, net</i>	685,541	657,664	744,511
Total Assets	1,497,562	1,305,709	1,325,698
<i>Current liabilities</i>	107,920	107,294	81,712
<i>Noncurrent liabilities</i>	2,031,900	2,554,158	3,094,034
Total Liabilities	2,139,820	2,661,452	3,175,746
<i>Net investment in capital assets</i>	685,541	657,664	744,511
<i>Restricted</i>	73,891	44,621	23,800
<i>Unrestricted net (deficit)</i>	(1,401,690)	(2,058,028)	(2,618,359)
Total Net Position (Deficit)	\$ (642,258)	\$ (1,355,743)	\$ (1,850,048)

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

Net capital assets and net investment in capital assets increased in 2013 because of new additions offset by depreciation expense exceeding capital outlay during 2013. 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 (deficit) of \$(560,331) and \$(656,338) at December 31, 2013 and 2012, respectively. These decreases in unrestricted net (deficit) 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 \$(2,618,359). Because there is no mechanism for New York State governments to fund this liability, the deficit in unrestricted net position is expected to continue in the immediate future.

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

Figure 2

Changes in Net Position	Governmental Activities and Total Library		
	2011	2012	2013
<i>Revenues:</i>			
<i>State sources</i>	\$ 23,498	\$ 25,174	\$ 26,409
<i>Tompkins County support</i>	2,442,717	2,473,576	2,683,032
<i>City of Ithaca support</i>	13,616	14,184	14,319
<i>Town of Ithaca</i>	20,000	20,000	20,000
<i>CLD grant</i>	82,162	83,954	88,071
<i>Friends of the Library</i>	329,950	268,400	273,000
<i>Library Foundation</i>	156,781	123,715	117,202
<i>Library charges</i>	108,526	104,039	94,937
<i>Other revenue</i>	28,069	32,398	42,725
Total Revenues	3,205,319	3,145,440	3,359,695
<i>Expenses:</i>			
<i>Personnel expenses</i>	3,124,461	3,140,666	3,231,047
<i>Insurance, repairs and maintenance</i>	44,037	52,895	56,835
<i>Supplies and materials</i>	58,875	57,873	66,306
<i>Telephone, postage and printing</i>	24,502	42,194	33,537
<i>Finger Lakes Library System services</i>	59,634	59,634	62,000
<i>Professional dues and fees</i>	160,498	183,402	195,561
<i>Depreciation</i>	365,141	312,326	196,561
<i>Other expenses</i>	12,449	9,935	12,153
Total Expenses	3,849,597	3,858,925	3,854,000
(DECREASE) IN NET POSITION	\$ (644,278)	\$ (713,485)	\$ (494,305)

Total revenues for the Library's Governmental Activities increased in 2013 by \$214,255, or 6.8%, while total expenses decreased \$(4,925), or 0.1%. Support from Tompkins County increased by \$209,456 compared to 2012. Expenditures decreased 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, 2013 and 2012

In 2012, total revenues decreased 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. The decrease in expenses was primarily due to decreases in salary, depreciation and other expenses, offset by increases in retirement and health insurance expenses, as well as professional fees and printing.

Figures 3, 4 and 5 present sources of revenue for years ended December 31, 2013, 2012 and 2011.

Figure 3

Sources of Revenue for 2013

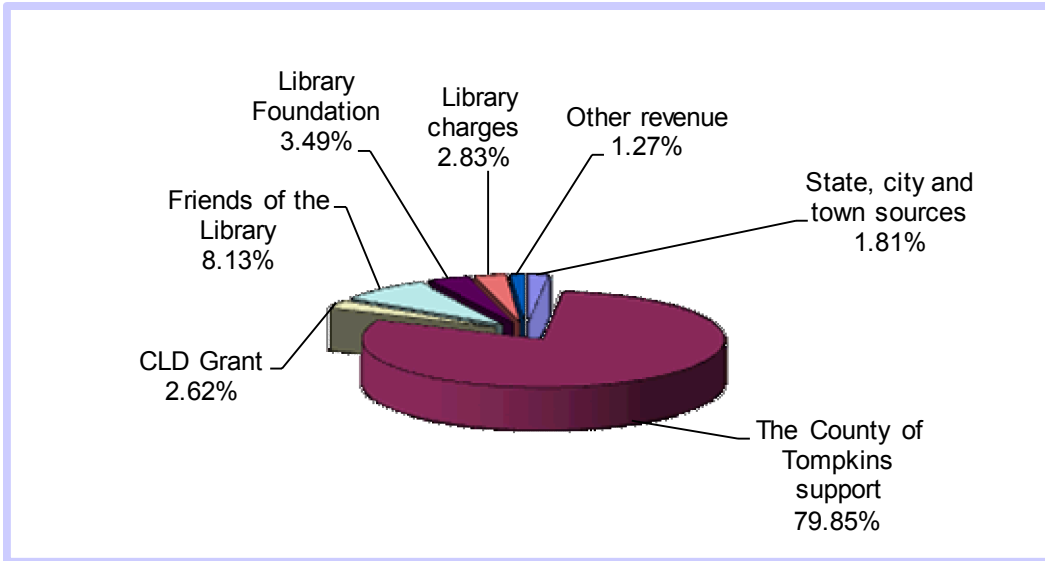
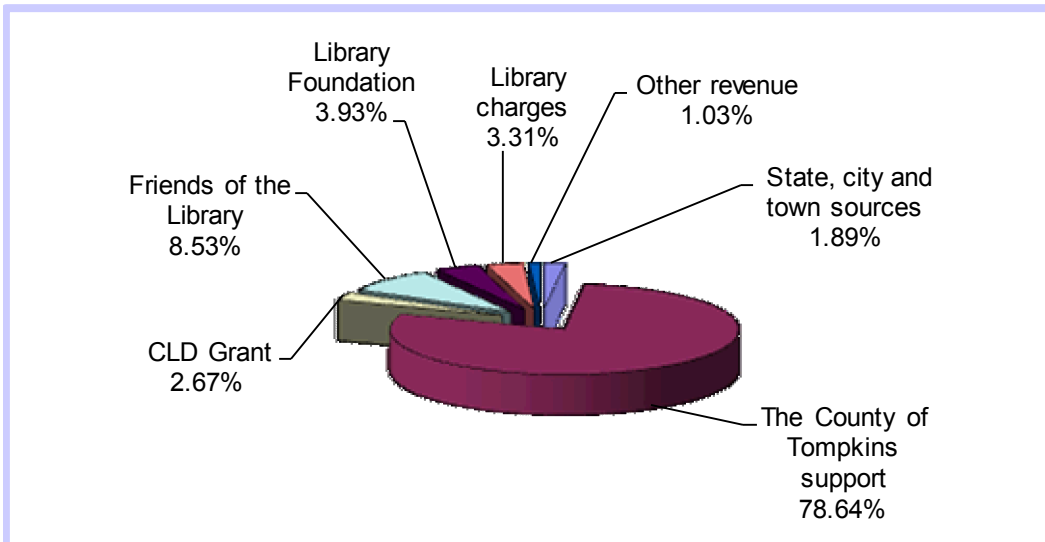


Figure 4

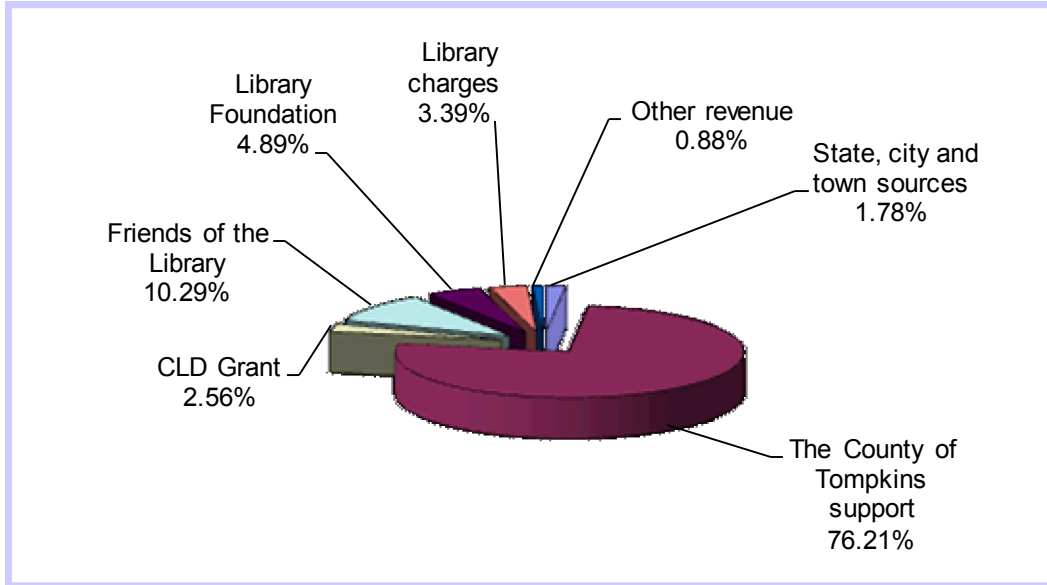
Sources of Revenue for 2012



TOMPKINS COUNTY PUBLIC LIBRARY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

Figure 5

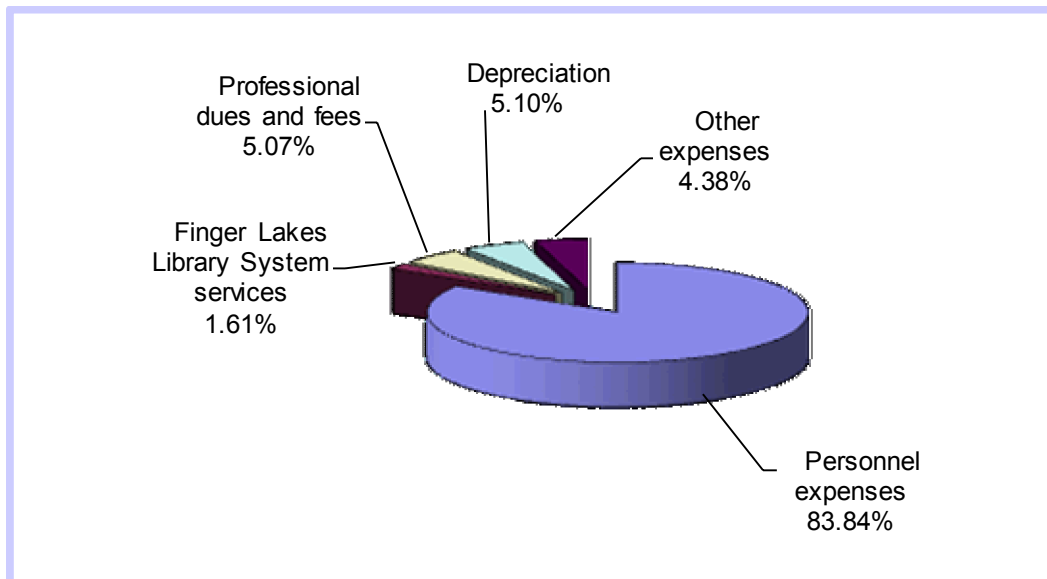
Sources of Revenue for 2011



Figures 6, 7 and 8 present the expenses of the Library for the years ended December 31, 2013, 2012 and 2011.

Figure 6

Expenses 2013



TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

Figure 7

Expenses 2012

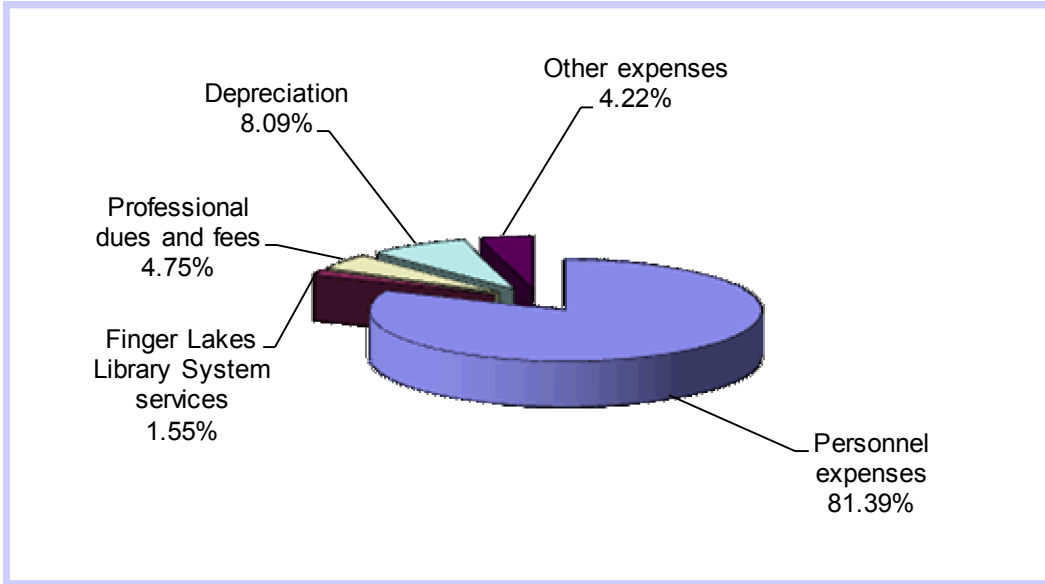
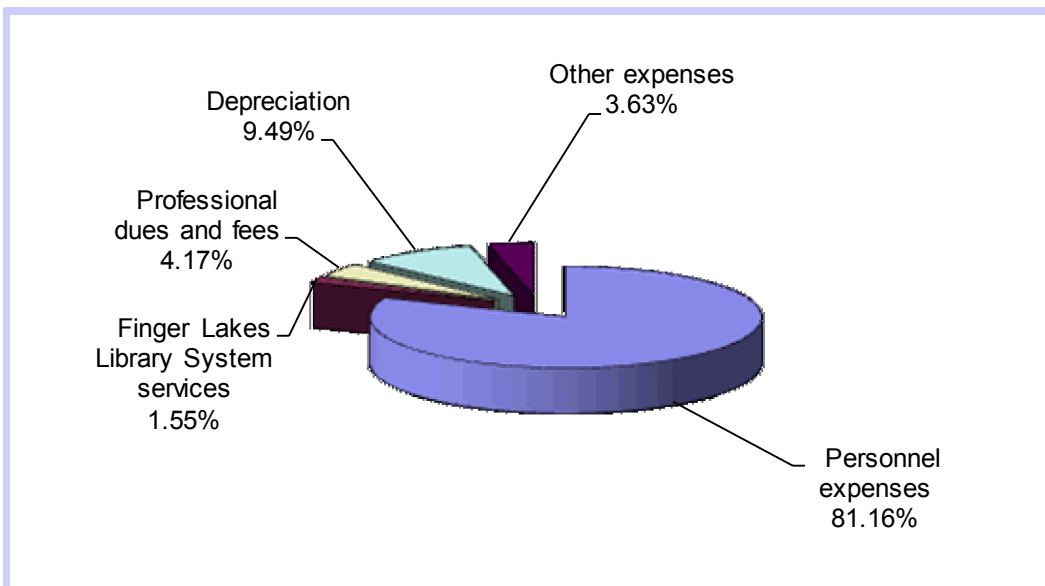


Figure 8

Expenses 2011



TOMPKINS COUNTY PUBLIC LIBRARY
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

FINANCIAL ANALYSIS OF THE LIBRARY'S GENERAL FUND

As the Library completed the year ended December 31, 2013, the General Fund reported a combined fund balance of \$499,475, which is lower than last year's total of \$540,751. Unassigned fund balance was \$330,626 at year end, which is 8.6% of the operating expenditures budgeted for 2014. In 2013, 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, 2012 was \$262,146, which was 7% of the 2013 budgeted operating expenditures. The increase in the unassigned fund balance compared to 2012 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 \$145,049 in 2013, as compared to \$233,984 in 2012. The Library's 2012 General Fund combined fund balance decreased \$(163,350) from \$704,101 to \$540,751.

CAPITAL ASSET ADMINISTRATION

Capital Assets

At the end of December 31, 2013, the Library had invested in various types of equipment and machinery. *Figure 9* shows the amount invested in capital assets, net of accumulated depreciation and shows a net increase of \$86,847, or 13.2%, while in 2012 there was a decrease of \$(27,877), or (4.1)%. There were additions of \$49,280 and \$46,181 in equipment and \$234,128 and \$238,268 to the collection for years ended 2013 and 2012, respectively. There were retirements of \$162,426 and \$160,080 in the collection and \$12,309 and \$6,293 retirements of equipment during 2013 and 2012, respectively.

Figure 9

<i>Capital Assets</i>	<i>Governmental Activities and Total Library</i>		
	<i>2011</i>	<i>2012</i>	<i>2013</i>
<i>Equipment</i>	\$ 141,095	\$ 135,435	\$ 135,223
<i>Collection</i>	544,446	522,229	609,288
<i>Total</i>	\$ 685,541	\$ 657,664	\$ 744,511

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

DEBT AND LONG TERM OBLIGATIONS ADMINISTRATION

The Library's other post employment benefit liability increased by \$2,434,211 and brought the other post employment benefit liability to \$2,960,626 as of December 31, 2013 as shown in Figure 10.

In addition to the other post employment benefit liability, the Library has a \$133,408 liability for compensated absences consisting of the earned and unused portion of the accrued vacation and compensatory time due employees, up \$13,461 to \$133,408 from \$119,947 at December 31, 2012. More detailed information about the Library's liabilities is presented in Notes 2.B1 and 2.B2 to the financial statements.

Figure 10

Major Outstanding Obligations at the Year Ending December 31

	Governmental Activities		
	2011	2012	2013
<i>Other post employment benefit liability</i>	\$ 1,918,975	\$ 2,434,211	\$ 2,960,626
<i>Compensated absences</i>	112,925	119,947	133,408
Total	\$ 2,031,900	\$ 2,554,158	\$ 3,094,034

FACTORS BEARING ON THE LIBRARY'S FUTURE

- County funding, the major funding source for the Library, is expected to again increase in 2015, 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, the Library 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 was issued in July 2013. Short-term budget recommendations were made by the working group to sustain current levels of service requiring both increasing recurring support and the utilization of both the Library and County reserves. A full year will be devoted to the process of marshaling the resources of the Library to develop a long term sustainable revenue model.
- In keeping with ongoing considerations regarding organizational structure and recommendations in the County working group report to restrain budget submittals and maintain current levels of service, the Library Board of Trustees in November 2013, approved a re-organizational plan to flatten the structure of the Library with all department heads headed by a Librarian III with a MLS and NYS Public Librarian certification.
- 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 further impacting work load of TCPL staff.

TOMPKINS COUNTY PUBLIC LIBRARY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

- The Library continues to rely heavily on income from the Friends of the Library, derived from their two annual book sales, to support a majority of the Library collection and collection related expenses. The amount received from the Friends of the Library should remain stable for the near future, but changes in technology and the way people access literary materials may significantly impact book sale revenue in the coming decade. Private donor support from donors, foundations and grants channeled through Tompkins County Public Library Foundation are expected to be stable. Foundation funding supports the collection and a number of special programmatic initiatives which otherwise would not be possible.
- New York State pension liability is expected to begin to level off in 2015, but health insurance costs continue to escalate causing additional pressure on the Library's operational budget.
- Collective bargaining agreements with the Professional Staff Association and the Support Staff Association, both of which are represented by the UAW Local 2300, 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. The Support Staff Association is currently organizing a new negotiation team. As of March 2014, the Board of Trustees has issued a request to both bargaining units for negotiations to begin.
- As a result of new census figures, the State of New York mandates the Library to be open 60 hours per week. The Library has been unable to comply and a waiver was approved. The Library is studying work load and operating structure in conjunction with labor contract restrictions and anticipates being able to comply by January 2015.

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

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

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

	2013		
	General Fund	Adjustments	Statement of Net Position
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 488,201	\$	\$ 488,201
Accounts receivable	92,986		92,986
Total Current Assets	581,187	-0-	581,187
Capital assets, net of accumulated depreciation of \$6,136,449 in 2013 and \$6,114,623 in 2012		744,511	744,511
Total Assets	\$ 581,187	744,511	1,325,698
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	\$ 34,646		34,646
Accrued liabilities	47,066		47,066
Total Current Liabilities	81,712	-0-	81,712
Compensated absences		133,408	133,408
Other postemployment benefits liability		2,960,626	2,960,626
Total Liabilities	81,712	3,094,034	3,175,746
<u>FUND BALANCE/NET POSITION</u>			
Fund Balances:			
Restricted for:			
Retirement	7,724	(7,724)	
Equipment	16,076	(16,076)	
Total Restricted	23,800	(23,800)	-0-
Assigned	145,049	(145,049)	
Unassigned	330,626	(330,626)	
Total Fund Balance	499,475	(499,475)	-0-
Total Liabilities and Fund Balance	\$ 581,187		
Net Position:			
Net investment in capital assets		744,511	744,511
Restricted		23,800	23,800
Unrestricted		(2,618,359)	(2,618,359)
Total Net (Deficit)		\$ (1,850,048)	\$ (1,850,048)

See Independent Auditor's Report and Notes to Financial Statements

2012

<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 520,560	\$	\$ 520,560
<u>127,485</u>		<u>127,485</u>
648,045	-0-	648,045
	<u>657,664</u>	<u>657,664</u>
<u>\$ 648,045</u>	<u>657,664</u>	<u>1,305,709</u>
\$ 67,379		67,379
<u>39,915</u>		<u>39,915</u>
107,294	-0-	107,294
	<u>119,947</u>	<u>119,947</u>
<u>-0-</u>	<u>2,434,211</u>	<u>2,434,211</u>
107,294	2,554,158	2,661,452
21,435	(21,435)	
<u>23,186</u>	<u>(23,186)</u>	
44,621	(44,621)	-0-
233,984	(233,984)	
<u>262,146</u>	<u>(262,146)</u>	
540,751	(540,751)	-0-
<u>\$ 648,045</u>		
	<u>657,664</u>	<u>657,664</u>
	<u>44,621</u>	<u>44,621</u>
	<u>(2,058,028)</u>	<u>(2,058,028)</u>
	<u>\$ (1,355,743)</u>	<u>\$ (1,355,743)</u>

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

ASSETS

	2013	2012
Current Assets:		
Cash and cash equivalents	\$ 168,345	\$ 22,470
Restricted cash	39,457	40,857
Accounts receivable	-0-	11,831
Unconditional promises to give	40,709	32,860
Total Current Assets	248,511	108,018
Restricted cash and cash equivalents	39,260	70,852
Long-term investments	1,735,711	1,559,915
Long-term unconditional promises to give, net	236,571	88,616
Equipment, net of accumulated depreciation of \$4,629 and \$3,736, respectively	324	1,217
Total Assets	\$ 2,260,377	\$ 1,828,618

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable - Tompkins County Public Library	\$ 90,345	\$ 125,464
Accounts payable and accrued liabilities	11,814	9,720
Total Current Liabilities	102,159	135,184
Net Assets:		
Unrestricted:		
Board designated	982,236	982,236
Undesignated	306,560	21,810
Total Unrestricted	1,288,796	1,004,046
Temporarily restricted	314,510	158,977
Permanently restricted	554,912	530,411
Total Net Assets	2,158,218	1,693,434
Total Liabilities and Net Assets	\$ 2,260,377	\$ 1,828,618

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,

	2013		
	General Fund	Adjustments	Statement of Activities
Revenue:			
State sources	\$ 26,409	\$	\$ 26,409
Tompkins County	2,683,032		2,683,032
City of Ithaca	14,319		14,319
Town of Ithaca	20,000		20,000
Central Development Library grant	88,071		88,071
Friends of TCPL	273,000		273,000
TCPL Foundation	117,202		117,202
Gifts and donations		2,400	2,400
Library charges	94,937		94,937
Use of money and property	1,206		1,206
Other revenue	39,119		39,119
Total Revenue	3,357,295	2,400	3,359,695
Expenditure/Expenses:			
Salaries	1,666,666	13,461	1,680,127
Fringe benefits	485,034	526,415	1,011,449
Health insurance	539,471		539,471
Books	144,707	(144,707)	-0-
Periodicals	10,054		10,054
AV/CD ROM materials	87,021	(87,021)	-0-
Insurance	14,882		14,882
Repairs and maintenance	41,953		41,953
Supplies and materials	44,143		44,143
Telephone	15,270		15,270
Postage	2,581		2,581
Finger Lakes Library System services	62,000		62,000
Professional fees	193,252		193,252
Membership dues	2,309		2,309
Equipment	61,389	(49,280)	12,109
Staff development	5,343		5,343
Publicity and printing	15,686		15,686
Depreciation		196,561	196,561
Miscellaneous	6,810		6,810
Total Expenditures/Expenses	3,398,571	455,429	3,854,000
Excess of (Expenditures/Expenses)	(41,276)	(453,029)	(494,305)
Fund Balance/Net Position (Deficit):			
January 1,	540,751	(1,896,494)	(1,355,743)
December 31,	\$ 499,475	\$ (2,349,523)	\$ (1,850,048)

See Independent Auditor's Report and Notes to Financial Statements

2012

General Fund		Adjustments	Statement of Activities
\$ 25,174	\$		\$ 25,174
2,473,576			2,473,576
14,184			14,184
20,000			20,000
83,954			83,954
268,400			268,400
123,715			123,715
		2,400	2,400
104,039			104,039
1,110			1,110
28,888			28,888
<u>3,143,040</u>		<u>2,400</u>	<u>3,145,440</u>
1,686,350		7,022	1,693,372
432,439		515,236	947,675
499,619			499,619
145,977		(145,977)	-0-
9,865			9,865
89,347		(89,347)	-0-
14,449			14,449
38,446			38,446
45,600			45,600
15,056			15,056
1,018			1,018
59,634			59,634
181,629			181,629
1,773			1,773
48,589		(46,181)	2,408
3,556			3,556
26,120			26,120
		312,326	312,326
6,923		(544)	6,379
<u>3,306,390</u>		<u>552,535</u>	<u>3,858,925</u>
(163,350)		(550,135)	(713,485)
<u>704,101</u>		<u>(1,346,359)</u>	<u>(642,258)</u>
<u>\$ 540,751</u>	<u>\$</u>	<u>(1,896,494)</u>	<u>\$ (1,355,743)</u>

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

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support:				
Contributions	\$ 365,709	\$ 193,034	\$ 24,501	\$ 583,244
Grants/Other				-0-
Revenues:				
Interest income	24			24
Dividend income	16,435	18,487		34,922
Capital gain distributions	6,850	6,291		13,141
Gain on sale of investments	99,054			99,054
Unrealized gain on fair value of investments	71,467			71,467
Net assets reclassified due to investment (losses)	(2,609)	2,609		-0-
In-kind contributions	7,729			7,729
Net assets released from restrictions	64,888	(64,888)		-0-
Total Support and Revenues	629,547	155,533	24,501	809,581
Expenses:				
Program services	130,028			130,028
Management and general	91,728			91,728
Fundraising	123,041			123,041
Total Expenses	344,797	-0-	-0-	344,797
CHANGE IN NET ASSETS	284,750	155,533	24,501	464,784
Net Assets, January 1,	1,004,046	158,977	530,411	1,693,434
Net Assets, December 31,	\$ 1,288,796	\$ 314,510	\$ 554,912	\$ 2,158,218

See Independent Auditor's Report and Notes to Financial Statements

2012			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 227,688	\$ 2,417	\$ 35,851	\$ 265,956
66			66
24			24
14,300	18,254		32,554
	11,836		11,836
20,028			20,028
126,497			126,497
(7,411)	7,411		-0-
5,624			5,624
37,501	(37,501)		-0-
<u>424,317</u>	<u>2,417</u>	<u>35,851</u>	<u>462,585</u>
146,416			146,416
80,543			80,543
83,440	-0-	-0-	83,440
<u>310,399</u>	<u>-0-</u>	<u>-0-</u>	<u>310,399</u>
113,918	2,417	35,851	152,186
890,128	156,560	494,560	1,541,248
<u>\$ 1,004,046</u>	<u>\$ 158,977</u>	<u>\$ 530,411</u>	<u>\$ 1,693,434</u>

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

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, 2013 and 2012

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

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

The Library records transactions in the fund types described below:

1. Fund Categories

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

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

C. Basis of Accounting/Measurement Focus

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

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

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

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

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

D. Equity Classifications

1. Governmental Fund Balance

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

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

- **Nonspendable**
Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- **Restricted**
Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the Library's legally adopted reserves are reported here.
- **Committed**
Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority, which is the Board of Trustees, prior to the end of the fiscal year, which requires the same level of formal action to remove said constraint.
- **Assigned**
Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, which is the Board of Trustees, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. 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, 2013 and 2012

2. Statement of Net Position

a) Net Investment in Capital Assets

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

b) Restricted 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. Four weeks of vacation time is earned by each full-time, permanent and provisional employee. Benefits accrue upon commencement of employment. Upon termination, employees are compensated for unused vacation time up to a maximum of two years. The value of these benefits was approximately \$133,408 and \$119,947 at December 31, 2013 and 2012, 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, 2013 and 2012

Gifts of collection items are not recognized as gift revenue in the accompanying Statements of Activities. During 2013 and 2012 there were no proceeds from deaccessions.

I. Revenue

The major source of funding for the Library is appropriations from the County government. The Library also receives contributions from the Foundation and the Friends of Tompkins County Public Library. County appropriations are a significant portion of the Library's support, representing 85% 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.

K. Use of Estimates

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

Note 2 - Detail Notes

A. Assets

1. Cash and Investments

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

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

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

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

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned. While the Library does not have a specific policy for custodial credit risk, New York State statutes govern Library investment policies as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent but not in the Library's name.

The Library's aggregate bank balances of \$487,226 and \$526,700 for the years ended December 31, 2013 and 2012, respectively, are either insured or collateralized with securities held by the pledging financial institution in the Library's name.

2. Accounts Receivable

Accounts receivable consisted of the following at December 31,:

	<u>2013</u>	<u>2012</u>
Due from TCPL Foundation	\$ 90,345	\$ 125,464
Other	<u>2,641</u>	<u>2,021</u>
Total Accounts Receivable	<u>\$ 92,986</u>	<u>\$ 127,485</u>

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

3. Capital Assets

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

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

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

Capital assets consisted of the following at December 31,:

	2013			
	Balance at 12/31/12	Additions	Retirements	Balance at 12/31/13
Historical Cost:				
Equipment	\$ 1,358,088	\$ 49,280	\$ (12,309)	\$ 1,395,059
Collection	5,414,199	234,128	(162,426)	5,485,901
Total Historical Cost	6,772,287	283,408	(174,735)	6,880,960
Less Accumulated Depreciation:				
Equipment	(1,222,653)	(49,482)	12,309	(1,259,836)
Collection	(4,891,970)	(147,069)	162,426	(4,876,613)
Total Accumulated Depreciation	(6,114,623)	(196,561)	174,735	(6,136,449)
 Total Capital Assets, Net	 \$ 657,664	\$ 86,847	\$ -0-	\$ 744,511

	2012			
	Balance at 12/31/11	Additions	Retirements	Balance at 12/31/12
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	6,654,211	284,449	(166,373)	6,772,287
Less Accumulated Depreciation:				
Equipment	(1,177,105)	(51,841)	6,293	(1,222,653)
Collection	(4,791,565)	(260,485)	160,080	(4,891,970)
Total Accumulated Depreciation	(5,968,670)	(312,326)	166,373	(6,114,623)
 Total Capital Assets, Net	 \$ 685,541	\$ (27,877)	\$ -0-	\$ 657,664

Depreciation on all capital assets is computed on the straight-line basis over the estimated useful lives of the assets. Depreciation expense amounted to \$196,561 and \$312,326 for the years ended December 31, 2013 and 2012, 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 12/31/12	Additions	Payments	Balance 12/31/13
\$ 119,947	\$ 13,461	\$ -0-	\$ 133,408

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

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

2. Other Postemployment Benefits

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

An actuarial valuation of the Library's Retiree Healthcare Plan (Plan) was performed as of January 1, 2012 for the fiscal year ending December 31, 2013 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, 2013, the Library's expected contributions were \$83,942 to the Plan for current premiums of 16 retirees, compared to \$61,442 in 2012. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit.

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

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

Normal cost	\$ 311,769
Amortization of UAAL	351,046
Total Annual Required Contribution	<u>662,815</u>
Interest on net OPEB obligation	97,368
Adjustment to annual required contribution	<u>(149,826)</u>
Annual OPEB Cost (Expense)	610,357
Contributions expected on behalf of 16 employees	<u>(83,942)</u>
Increase in Net OPEB Obligation	526,415
Net OPEB Obligation - January 1, 2013	<u>2,434,211</u>
Net OPEB Obligation - December 31, 2013	<u>\$ 2,960,626</u>

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for 2011, 2012 and 2013 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/13	\$ 610,357	13.8%	\$ 2,960,626
12/31/12	576,678	10.7%	2,434,211
12/31/11	629,163	17.8%	1,918,975

As of December 31, 2013, the Plan was not funded. The actuarial accrued liability for benefits was \$5,484,063. There are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,666,666, and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 329% 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.

The interim actuarial valuation report for the fiscal year December 31, 2013 was based on 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.

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

C. Fund Balances and Net Position

1. Fund Balance Detail

At December 31, 2013 and 2012, restricted and assigned fund balance in the governmental funds was as follows:

	<u>2013</u>	<u>2012</u>
<u>Nonspendable:</u>		
Total Nonspendable Fund Balance	\$ <u>-0-</u>	\$ <u>-0-</u>
<u>Restricted:</u>		
Reserve for retirement	\$ 7,724	\$ 21,435
Reserve for equipment	<u>16,076</u>	<u>23,186</u>
Total Restricted Fund Balance	\$ <u>23,800</u>	\$ <u>44,621</u>
<u>Assigned:</u>		
Appropriated for next year's budget	\$ <u>145,049</u>	\$ <u>233,984</u>
Total Assigned Fund Balance	\$ <u>145,049</u>	\$ <u>233,984</u>

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:

<u>2013</u>				
<u>General Fund</u>	<u>Beginning</u>	<u>Additions</u>	<u>Appropriated</u>	<u>Ending</u>
<u>Restricted Fund Balance</u>	<u>Balance</u>			<u>Balance</u>
Reserved for retirement	\$ 21,435	\$ 40,364	\$ 54,075	\$ 7,724
Reserved for equipment	<u>23,186</u>	<u>435</u>	<u>7,545</u>	<u>16,076</u>
Total Restricted Fund Balance	\$ <u>44,621</u>	\$ <u>40,799</u>	\$ <u>61,620</u>	\$ <u>23,800</u>
<u>2012</u>				
<u>General Fund</u>	<u>Beginning</u>	<u>Additions</u>	<u>Appropriated</u>	<u>Ending</u>
<u>Restricted Fund Balance</u>	<u>Balance</u>			<u>Balance</u>
Reserved for retirement	\$ 47,565	\$ 73,870	\$ 100,000	\$ 21,435
Reserved for equipment	<u>26,326</u>	<u>3,140</u>	<u>3,140</u>	<u>23,186</u>
Total Restricted Fund Balance	\$ <u>73,891</u>	\$ <u>73,870</u>	\$ <u>103,140</u>	\$ <u>44,621</u>

TOMPKINS COUNTY PUBLIC LIBRARY
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 and 2012

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.

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>
2013	\$ 320,152
2012	265,631
2011	227,295

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, 2013, 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 was no remaining liability for these incentive programs at December 31, 2013.

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 and 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 \$273,000 and \$268,400 from the Friends of the Tompkins County Public Library for the years ended December 31, 2013 and 2012, respectively.

Note 6 - Component Unit Transactions

The Library received contributions of \$117,202 and \$123,715 from the Foundation for the years ended December 31, 2013 and 2012, respectively. In addition, the Library received \$3,405 and \$975 in-kind contribution of materials for the years ended December 31, 2013 and 2012, respectively.

The County contributed \$2,683,032 and \$2,473,576 to the Library for the years ended December 31, 2013 and 2012, respectively. Additionally for 2013 and 2012, respectively, the County provided \$485,118 and \$484,174 worth of debt service on the building occupied by the Library.

Note 7 - Deficit Unrestricted Net Position

Unrestricted net position in the Government-wide Statement of Net Position shows a deficit balance of \$(2,618,359) for the year ended December 31, 2013. 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.

Note 8 - Commitments and Contingencies

A. Risk Financing and Related Insurance

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

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

	2013			Variance Fav.(Unfav.)
	Modified Budget	Actual	Encumbrances	
Revenue:				
State sources	\$ 26,409	\$ 26,409	\$	\$ -0-
Tompkins County	2,683,032	2,683,032		-0-
City of Ithaca	14,326	14,319		(7)
Town of Ithaca	20,000	20,000		-0-
Central Library Development grant	88,071	88,071		-0-
Friends of TCPL	273,000	273,000		-0-
TCPL Foundation	117,202	117,202		-0-
Gifts and donations				-0-
Library charges	106,375	94,937		(11,438)
Use of money and property	1,000	1,206		206
Other revenues	36,132	39,119		2,987
Total Revenue	<u>3,365,547</u>	<u>3,357,295</u>	<u>-0-</u>	<u>(8,252)</u>
Expenditures:				
Salaries	1,753,568	1,666,666		86,902
Fringe benefits	530,597	485,034		45,563
Health insurance	564,350	539,471		24,879
Books	157,883	144,707		13,176
Periodicals	13,979	10,054		3,925
AV/CD ROM materials	95,002	87,021		7,981
Insurance	14,884	14,882		2
Repairs and maintenance	41,966	41,953		13
Supplies and materials	55,686	44,143		11,543
Telephone	15,125	15,270		(145)
Postage	2,730	2,581		149
Finger Lakes Library System services	62,000	62,000		-0-
Professional fees	202,168	193,252		8,916
Membership dues	2,489	2,309		180
Equipment	69,143	61,389		7,754
Staff development	9,996	5,343		4,653
Publicity and printing	22,943	15,686		7,257
Miscellaneous	29,788	6,810		22,978
Total Expenditures	<u>3,644,297</u>	<u>3,398,571</u>	<u>-0-</u>	<u>245,726</u>
Excess of Expenditures Over Revenue	<u>(278,750)</u>	<u>(41,276)</u>	<u>\$ -0-</u>	<u>\$ 237,474</u>
Appropriated Fund Balance	<u>278,750</u>			
Net Change in Fund Balances	<u>\$ -0-</u>			
Fund Balance, January 1,		<u>540,751</u>		
Fund Balance, December 31,		<u>\$ 499,475</u>		

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

2012

Modified Budget	Actual	Encumbrances	Variance Fav.(Unfav.)
\$ 24,180	\$ 25,174	\$	\$ 994
2,473,576	2,473,576		-0-
14,184	14,184		-0-
20,000	20,000		-0-
84,872	83,954		(918)
268,400	268,400		-0-
123,715	123,715		-0-
			-0-
107,225	104,039		(3,186)
2,000	1,110		(890)
18,175	28,888		10,713
<u>3,136,327</u>	<u>3,143,040</u>	<u>-0-</u>	<u>6,713</u>
1,720,028	1,686,350		33,678
457,422	432,439		24,983
515,000	499,619		15,381
158,388	145,977		12,411
14,214	9,865		4,349
95,135	89,347		5,788
14,450	14,449		1
40,236	38,446		1,790
51,600	45,600		6,000
15,060	15,056		4
3,480	1,018		2,462
59,634	59,634		-0-
191,434	181,629		9,805
2,000	1,773		227
49,045	48,589		456
6,103	3,556		2,547
30,442	26,120		4,322
29,200	6,923		22,277
<u>3,452,871</u>	<u>3,306,390</u>	<u>-0-</u>	<u>146,481</u>
<u>(316,544)</u>	<u>(163,350)</u>	<u>-0-</u>	<u>\$ 153,194</u>
<u>316,544</u>			
\$ <u>-0-</u>			
	<u>704,101</u>		
	<u>\$ 540,751</u>		

TOMPKINS COUNTY PUBLIC LIBRARY
 SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2013

<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>
2013	1/1/2012	\$ -0-	\$ 5,484,063	\$ 5,484,063	0.0%	\$ 1,666,666	329%
2012	1/1/2012	\$ -0-	\$ 5,043,968	\$ 5,043,968	0.0%	\$ 1,686,350	299%
2011	1/1/2010	\$ -0-	\$ 5,381,385	\$ 5,381,385	0.0%	\$ 1,740,164	309%

TOMPKINS COUNTY PUBLIC LIBRARY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013.

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.



Ciaschi • Dietershagen • Little • Mickelson & Company, LLP

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

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

Board of Trustees
Tompkins County Public Library
Ithaca, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, and the general fund of Tompkins County Public Library (the Library), a component unit of the County of Tompkins, as of and for the years December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated July 18, 2014.

Internal Control Over Financial Reporting

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

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

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

- 23 -

CORTLAND

39 Church Street
Cortland, New York 13045
607-753-7439
fax 607-753-7874

ITHACA

401 East State Street ~ Suite 500
Ithaca, New York 14850
607-272-4444
fax 607-273-8372
www.cdlim.com

WATKINS GLEN

108 West Fourth Street
Watkins Glen, New York 14891
607-535-4443
fax 607-535-6220

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Library, in a separate letter dated July 18, 2014.

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 cursive script that reads "Lisa Dietershagen, Little, Ninkler & Company, CPA".

July 18, 2014
Ithaca, New York