

TOMPKINS COUNTY PUBLIC LIBRARY

Ithaca, New York

FINANCIAL REPORT

December 31, 2018 and 2017



TOMPKINS COUNTY PUBLIC LIBRARY

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Tompkins County Public Library
Ithaca, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, and each major fund of the Tompkins County Public Library (the Library), a component unit of the County of Tompkins, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, and each major fund of the Tompkins County Public Library, as of December 31, 2018 and 2017, and the respective changes in financial position, for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the year ended December 31, 2018, the Library adopted Government Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." As discussed in Notes 6 and 13 to the financial statements, net position as of December 31, 2017 was restated to reflect this change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparison information, Schedules of Library's Contributions - NYSLRS Pension Plan, Schedules of Library's Proportionate Share of Net Pension Liability, Schedule of Changes in the Library's Total OPEB Liability and Related Ratios, and notes to required supplementary information on pages 4-4i, and 33-38 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 June 14, 2019, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
June 14, 2019

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

The following is a discussion and analysis of Tompkins County Public Library's (the Library) financial performance for the years ended December 31, 2018 and 2017. This section is a summary of the Library's financial activities based on currently known facts, decisions or conditions. It is also based on both the Government-wide and Fund-based Financial Statements. The results of the current year are discussed in comparison with the two prior years, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the Library's financial statements, which immediately follow this section.

COMPONENT UNIT

The Library follows Governmental Accounting Standards Board (GASB) Statement No. 39, "Determining Whether Certain Organization are Component Units" and Statement No. 61, "The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14, No. 34", and GASB Statement No. 85, "Omnibus 2017." which provide guidance to determine whether certain organizations for which the Library is not financially accountable should be reported as component units based on the significance of their relationship with the Library. The decision to include potential component units in the Library's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on these criteria, the Library includes one separate legal entity in its report - the Tompkins County Public Library Foundation, Inc. Although legally separate, this organization is reported as a discretely presented component unit. If you need information about the separately issued financial statements, contact the Tompkins County Public Library Foundation, Inc. in Ithaca, New York.

FINANCIAL HIGHLIGHTS

- At December 31, 2018, government-wide expenses exceeded revenues by \$(96,451) compared to revenues exceeding expenses by \$554,814 at December 31, 2017. The increase in 2017 was related to contributions for a capital related project.
- Net (deficit) for the year ended December 31, 2018 was \$(2,501,477), reflecting a decrease in net position from a net (deficit) of \$(2,405,026) at December 31, 2017. The Library's net (deficit) for the year ended December 31, 2017 increased by \$918,372, from \$(3,323,398) at December 31, 2016, to \$(2,405,026).
- Capital Assets increased \$77,080 based on \$475,147 in capital additions partially offset by depreciation expense of \$398,067.
- Total fund balance of \$740,573 in the General Fund showed an increase of \$162,479 in 2018, from \$578,094 in 2017. Of the \$740,573 fund balance, \$69,303 is in the form of nonspendable resources, representing prepaid expenses, \$90,309 is assigned for next year's budget, leaving a net unassigned fund balance of \$580,961 or approximately 13.1% of appropriations budgeted for 2019.

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

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

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

Statement of Net Position and Statement of Activities Columns

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

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

Governmental Fund Type Columns

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

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

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

Figure 1

<i>Condensed Statement of Net Position</i>			
	<i>2016</i>	<i>2017</i>	<i>2018</i>
<i>Current Assets</i>	\$ 675,049	\$ 846,934	\$ 908,834
<i>Capital Assets, Net</i>	921,210	1,860,592	1,937,672
<i>Total Assets</i>	1,596,259	2,707,526	2,846,506
<i>Pensions</i>	1,210,320	582,664	798,036
<i>OPEB</i>		79,371	73,363
<i>Total Deferred Outflows of Resources</i>	1,210,320	662,035	871,399
<i>Current Liabilities</i>	160,378	149,488	168,261
<i>Noncurrent Liabilities</i>	5,801,942	5,494,522	4,809,195
<i>Total Liabilities</i>	5,962,320	5,644,010	4,977,456
<i>Pensions</i>	167,657	130,577	761,009
<i>OPEB</i>			480,917
<i>Total Deferred Inflows of Resources</i>	167,657	130,577	1,241,926
<i>Net Investment in Capital Assets</i>	921,210	1,890,481	1,937,672
<i>Restricted</i>		119,352	
<i>Unrestricted (Deficit)</i>	(4,244,608)	(4,414,859)	(4,439,149)
<i>Total Net Position (Deficit)</i>	\$ (3,323,398)	\$ (2,405,026)	\$ (2,501,477)

Current assets increased primarily due to increases in cash accounts and receivables, offset by a decrease in prepaid expenses. Net capital assets and net investment in capital assets increased because capital outlay exceeded depreciation expense. The fluctuations in deferred outflows and deferred inflows of resources related to pensions are due to the net difference between projected and actual investment earnings on pension plan investments and changes in assumptions. The increase in current liabilities is mainly due to an increase in accrued payroll. The decrease in non-current liabilities is primarily attributable to a decrease in postemployment benefits liability and fluctuations in pension liability related to GASB Statements No. 68 and No. 75. The net effect of the Library's activities resulted in changes in net position of \$(96,451) and \$554,814 at December 31, 2018 and 2017, respectively. These changes were primarily the result of excess expenses over revenue in 2018, compared to excess revenues over expenses in 2017.

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

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

Figure 2

<i>Changes in Net Position</i>	<i>Governmental Activities and Total Library</i>		
	<i>2016</i>	<i>2017</i>	<i>2018</i>
Revenue			
<i>State Sources</i>	\$ 33,457	\$ 354,223	\$ 59,766
<i>Tompkins County Support</i>	3,233,201	3,403,415	3,559,359
<i>City of Ithaca Support</i>	15,086	15,237	16,223
<i>Town of Ithaca</i>	10,000	10,000	10,000
<i>CLD Grant</i>	98,245	98,334	99,272
<i>Friends of the Library</i>	340,000	295,000	300,000
<i>Library Foundation</i>	158,883	881,203	125,904
<i>Library Charges</i>	67,442	61,918	61,144
<i>Other Revenue</i>	22,295	21,468	21,573
Total Revenue	\$ 3,978,609	\$ 5,140,798	\$ 4,253,241
Expenses			
<i>Personnel Services</i>	\$ 3,617,655	\$ 3,694,134	\$ 3,353,900
<i>Insurance, Repairs, and Maintenance</i>	79,171	78,122	78,467
<i>Supplies and Materials, Periodicals, and Equipment</i>	83,500	71,902	64,525
<i>Telephone, Postage, and Printing</i>	52,084	62,415	73,137
<i>Finger Lakes Library System Services</i>	67,100	67,100	67,100
<i>Professional Dues and Fees</i>	230,420	247,179	287,003
<i>Depreciation</i>	306,750	346,383	398,067
<i>Other Expenses</i>	26,269	18,749	27,493
Total Expenses	\$ 4,462,949	\$ 4,585,984	\$ 4,349,692
CHANGE IN NET POSITION	\$ (484,340)	\$ 554,814	\$ (96,451)

Total revenues for the Library's Governmental Activities decreased in 2018 by \$(887,557), or (17.3)%. State sources decreased based on additional expenditures incurred for state grants related to the renovation project and corresponding recognition of revenue received during 2017. Tompkins County support increased primarily due to an increase in the county's annual appropriation. Revenues from the Library Foundation decreased because the Library received \$750,000 in 2017 to partially fund the Library's renovation project.

Total expenses for the Library's Governmental Activities decreased \$(236,292), or (5.15)%. Personnel services decreased mainly due to a decrease in retirement expense of \$(361,556), a result of fluctuations in pension liability related to GASB Statement No. 68, and other postemployment benefits related to GASB Statement No. 75. Depreciation expense increased as a result of the addition of capital assets.

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

Figures 3, 4, and 5 present sources of revenue for years ended December 31, 2018, 2017, and 2016.

Figure 3

Sources of Revenue for 2018

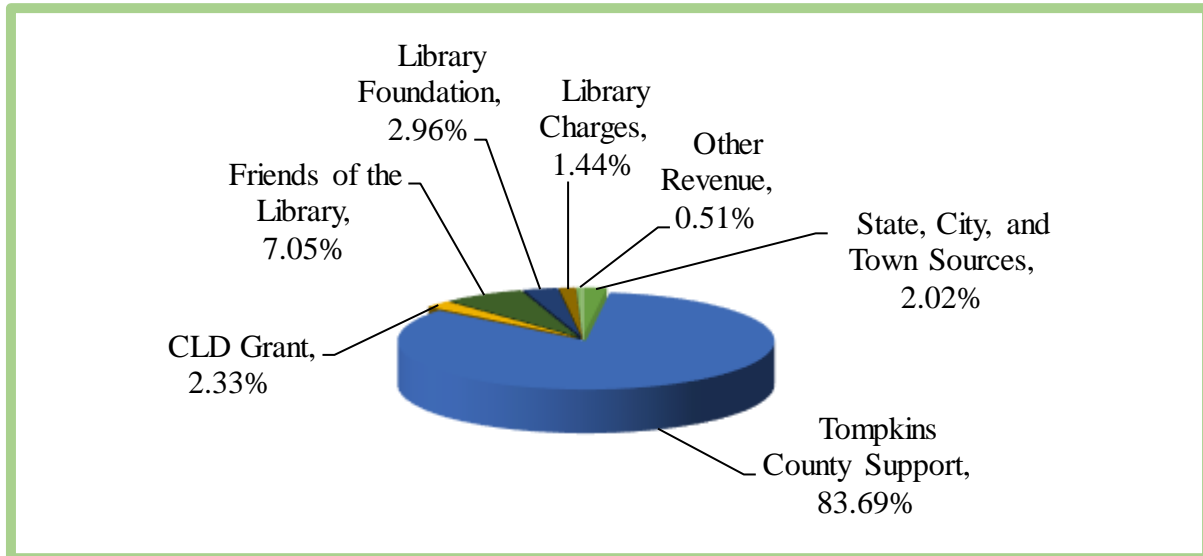
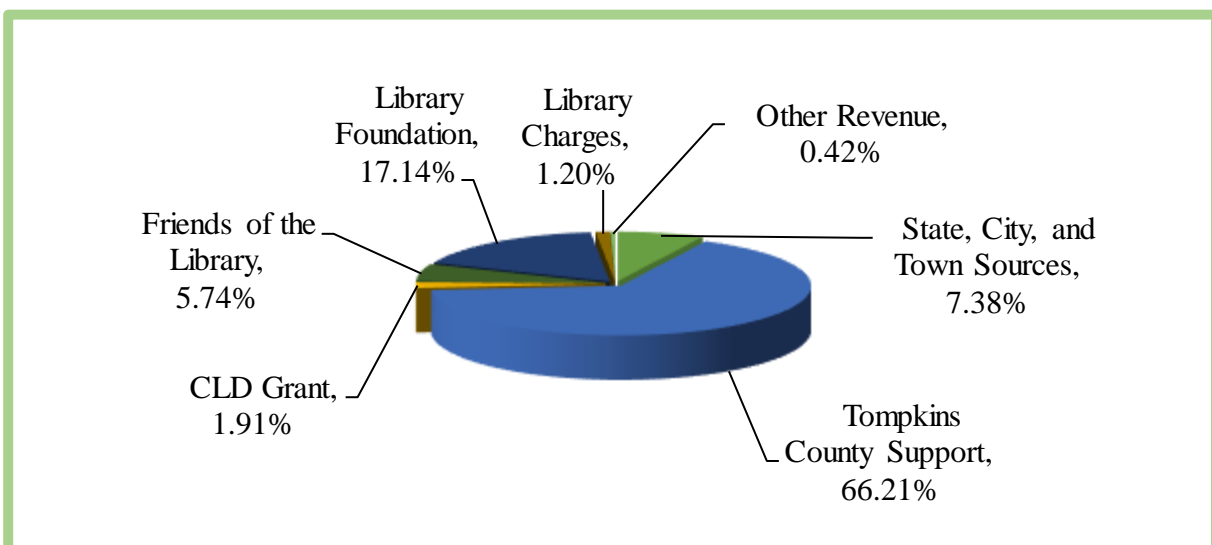


Figure 4

Sources of Revenue for 2017

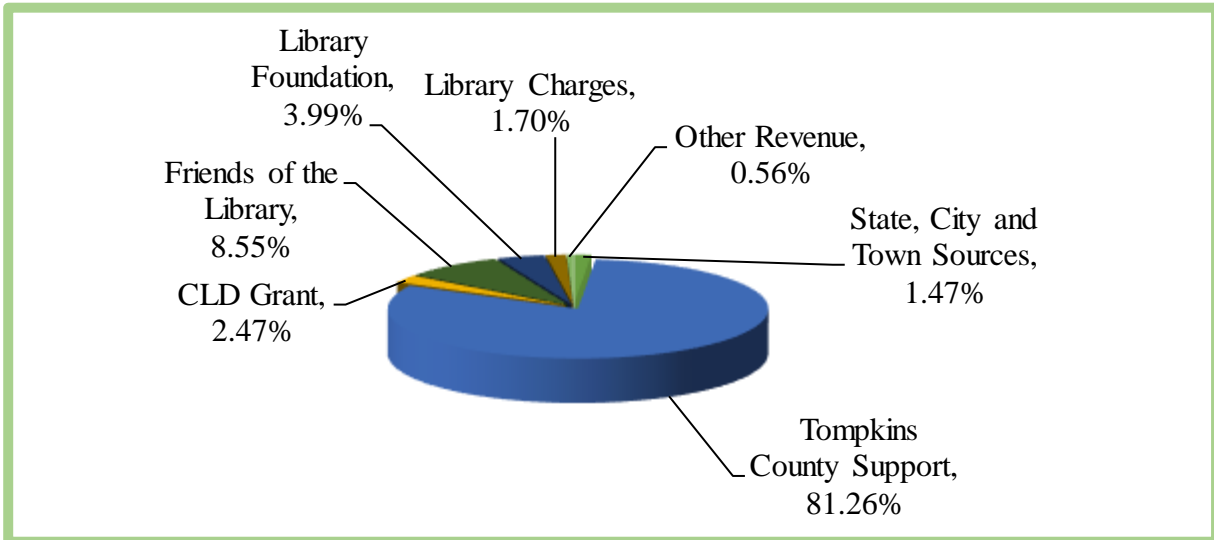


TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

Figure 5

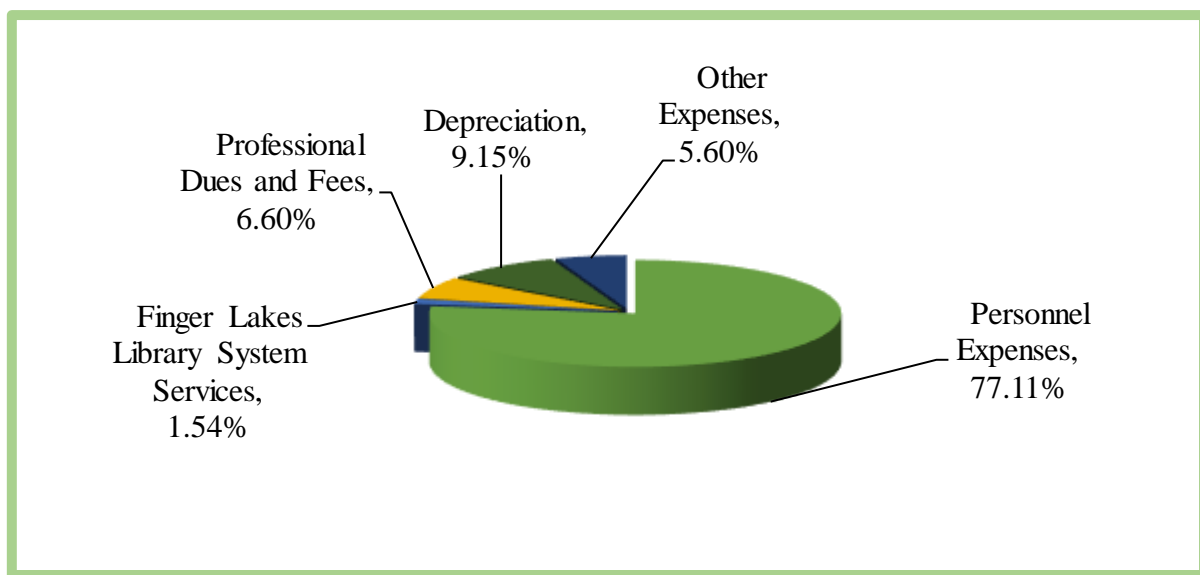
Sources of Revenue for 2016



Figures 6, 7, and 8 present the expenses of the Library for the years ended December 31, 2018, 2017, and 2016.

Figure 6

Expenses 2018



TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

Figure 7

Expenses 2017

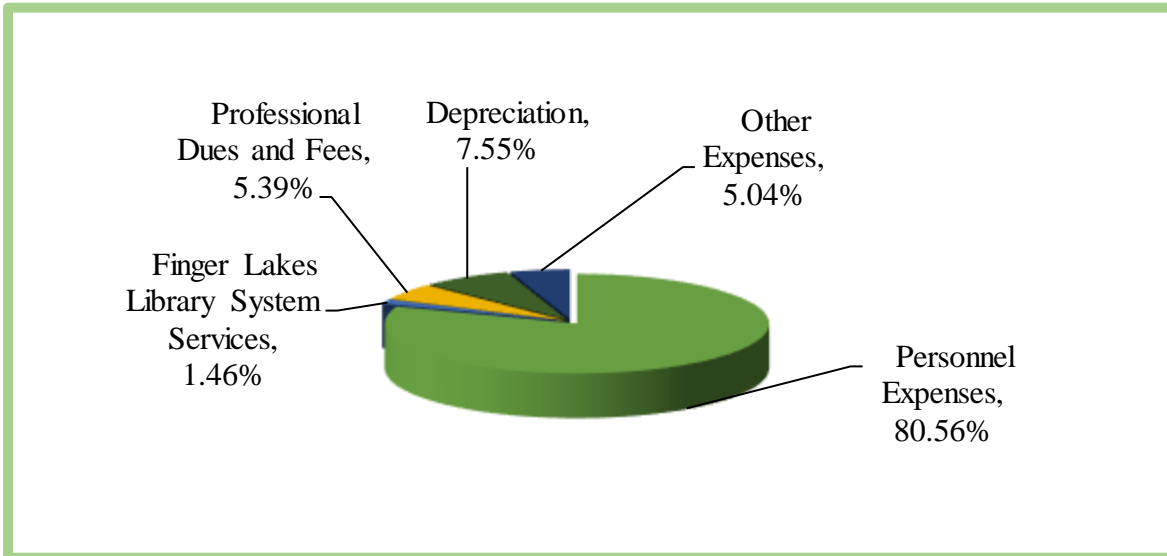
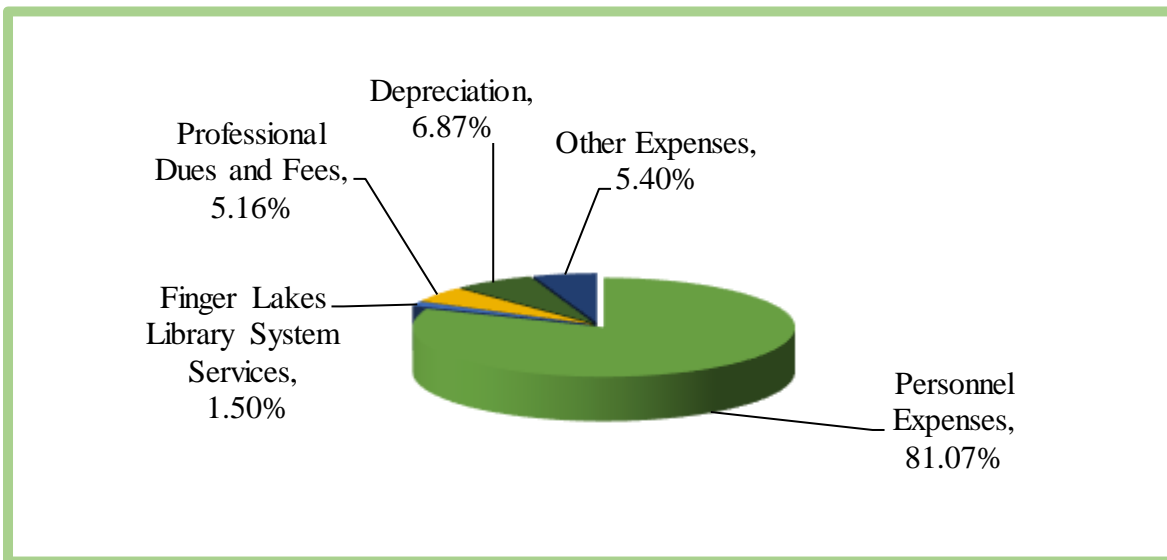


Figure 8

Expenses 2016



TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

FINANCIAL ANALYSIS OF THE LIBRARY'S GENERAL FUND

As the Library completed the year ended December 31, 2018, the General Fund reported a combined fund balance of \$740,573 which is higher than last year's total of \$578,094. Unassigned fund balance was \$580,961 at year end, which is 13.1% of the operating expenditures budgeted for 2019. In 2018, this is within the range of the 5-15% the Government Finance Officer's Association recommends for general-purpose governments, which management believes is appropriate for the Library as well. Unassigned fund balance at December 31, 2017 was \$352,866, which was 8.1% of 2018 budgeted operating expenditures. The increase in unassigned fund balance compared to 2017 is a result of revenues exceeding expenditures during the current year and an interfund transfer in of \$60,594. Nonspendable fund balance was \$69,303 in 2018, as compared to \$75,156 in 2017. The Library's 2016 General Fund combined fund balance increased \$110,089 from \$404,582 to \$514,671.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Trustees and management of the Library may revise the Library budget for transfers between categories.

The resources available for appropriation in the General Fund were \$7,335 more than budgeted. Expenditures and Other Financing Sources and (Uses) were \$228,022 favorable when compared to budget.

CAPITAL ASSET ADMINISTRATION

Capital Assets

At the end of December 31, 2018, 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 \$77,080, or 4.1%, while in 2017 there was an increase of \$939,382, or 101.9%. There were additions of \$164,853 and \$317,164 in equipment and \$277,538 and \$278,090 to the collection for years ended 2018 and 2017, respectively. There was also an addition to construction in progress of \$32,756 and a reclassification to leasehold improvements of \$723,267 in 2018 due to completed construction. There were retirements of \$176,883 and \$173,753 in the collection and \$0- and \$3,905 retirements of equipment during 2018 and 2017, respectively. Depreciation expense was \$398,067 and \$346,383 for 2018 and 2017, respectively.

Figure 9

<i>Changes in Net Capital Assets, Net</i>	<i>Governmental Activities and Total Library</i>		
	<i>2016</i>	<i>2017</i>	<i>2018</i>
<i>Equipment</i>	\$ 251,737	\$ 482,458	\$ 489,754
<i>Collection</i>	669,473	687,623	724,651
<i>Leasehold Improvements</i>			723,267
<i>Construction-in-progress</i>		690,511	
<i>Total Capital Assets, Net</i>	\$ 921,210	\$ 1,860,592	\$ 1,937,672

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

DEBT AND LONG-TERM OBLIGATIONS ADMINISTRATION

The Library's other postemployment benefit liability decreased by \$(253,324) and brought the other postemployment benefit liability to \$4,449,372 as of December 31, 2018 as shown in Figure 10. In addition to the other postemployment benefit liability, the Library has a \$128,604 liability for compensated absences consisting of the earned and unused portion of accrued vacation and compensatory time due to employees; a decrease of \$(3,029) from \$131,633 at December 31, 2017. Net pension liability - proportionate share decreased in proportion to the net pension liability in the New York State Employees' Retirement System as a result in changes in actuarial assumptions.

More detailed information about the Library's liabilities is presented in Notes 5, 6, and 7 to the financial statements.

Figure 10

Major Outstanding Obligations at the Year Ending December 31

<i>Changes in Long-term Liabilities</i>	<i>Governmental Activities</i>		
	<i>2016</i>	<i>2017</i>	<i>2018</i>
<i>Other Post-employment Benefit Liability</i>	\$ 4,487,780	\$ 4,702,696	\$ 4,449,372
<i>Compensated Absences</i>	145,533	131,633	128,604
<i>Net Pension Liability, Proportionate Share</i>	1,168,629	660,193	231,219
<i>Total Long-term Liabilities</i>	\$ 5,801,942	\$ 5,494,522	\$ 4,809,195

FACTORS BEARING ON THE LIBRARY'S FUTURE

- County funding, the major funding source for the Library, is expected to remain stable but no significant increases are expected. Tompkins County's continued strong support of the Library over the past several years has enabled the Library to balance its operating budget and meet contractual obligations.
- Library Director, Annette Birdsall continues to work on improving access for all at the library. Currently, the Library is the process of creating our new strategic plan which will emphasize these outreach priorities.
- The Library became fine free in 2019 and removed fees associated with meeting room use. The budget impact of these initiatives is small, and the Library Foundation has committed to replacing the fees that would have been earned in 2019.
- Library management continues to monitor state aid. Although the current NYS budget proposed by Governor Cuomo shows a reduction in aid, both the House and the Senate have stated strong support for library aid, construction aid, and funds for any potential impact the 2020 census may have the library.

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEARS ENDED DECEMBER 31, 2018, 2017, AND 2016

- Income from the Friends of the Library's two annual book sales continues to fund the majority of the Library collection and related expenses. Support is expected to remain stable in 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 support from donors, foundations and grants channeled through the Tompkins County Public Library Foundation is expected to increase. The Library now requests a commitment for annual Fundraising Goals in order to manage budget expectations of gifts. The Foundation Board finds this approach to be an improvement for anticipated expenses. Foundation funding currently supports the collection and several special programmatic initiatives which otherwise would not be possible.
- The Library continues to evaluate and carefully consider staffing. Each position that becomes vacant is reviewed and discussed for possible changes in order to optimize staffing for efficiency and workflow that will best serve the public. All Library staff positions are filled as of March 25, 2019.

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

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

TOMPKINS COUNTY PUBLIC LIBRARY

STATEMENTS OF NET POSITION AS OF DECEMBER 31,

ASSETS	<u>2018</u>	<u>2017</u>
Current Assets		
Cash and Cash Equivalents - Unrestricted	\$ 810,621	\$ 632,540
Cash and Cash Equivalents - Restricted	-	119,352
Accounts Receivable	28,910	19,886
Prepaid Expenses	69,303	75,156
Total Current Assets	<u>908,834</u>	<u>846,934</u>
Noncurrent Assets		
Construction-in-process	-	690,511
Capital Assets, Net of Accumulated Depreciation of \$6,880,857 in 2018 and \$6,659,673 in 2017	1,937,672	1,170,081
Total Noncurrent Assets	<u>1,937,672</u>	<u>1,860,592</u>
Total Assets	<u>2,846,506</u>	<u>2,707,526</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pensions	798,036	582,664
OPEB	73,363	79,371
Total Deferred Outflows of Resources	<u>871,399</u>	<u>662,035</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	74,459	73,268
Accrued Liabilities	93,802	76,220
Total Current Liabilities	<u>168,261</u>	<u>149,488</u>
Noncurrent Liabilities		
Compensated Absences	128,604	131,633
Other Postemployment Benefits Liability	4,449,372	4,702,696
Net Pension Liability - Proportionate Share	231,219	660,193
Total Noncurrent Liabilities	<u>4,809,195</u>	<u>5,494,522</u>
Total Liabilities	<u>4,977,456</u>	<u>5,644,010</u>
DEFERRED INFLOWS OF RESOURCES		
Pensions	761,009	130,577
OPEB	480,917	-
Total Deferred Inflows of Resources	<u>1,241,926</u>	<u>130,577</u>
Net Position		
Net Investment in Capital Assets	1,937,672	1,890,481
Restricted	-	119,352
Unrestricted	(4,439,149)	(4,414,859)
Total Net (Deficit)	<u>\$ (2,501,477)</u>	<u>\$ (2,405,026)</u>

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

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

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	
FUNCTIONS/PROGRAMS					
Culture and Recreation	\$ 4,585,984	\$ 61,918	\$ 1,299,774	\$ 354,223	\$ (2,870,069)
Total Functions and Programs	<u>\$ 4,585,984</u>	<u>\$ 61,918</u>	<u>\$ 1,299,774</u>	<u>\$ 354,223</u>	<u>(2,870,069)</u>
GENERAL REVENUES					
County Appropriation					3,403,415
Use of Money and Property					<u>1,271</u>
Gifts and Donations					<u>2,400</u>
Miscellaneous					<u>17,797</u>
Total General Revenues					<u>3,424,883</u>
Change in Net Position					554,814
Total Net Position (Deficit) - Beginning of Year					<u>(2,959,840)</u>
Total Net Position (Deficit) - End of Year					<u><u>\$ (2,405,026)</u></u>

TOMPKINS COUNTY PUBLIC LIBRARY

BALANCE SHEET - GOVERNMENTAL FUNDS AS OF DECEMBER 31,

	2018			2017		
	General Fund	Capital Fund	Total Governmental Funds	General Fund	Capital Fund	Total Governmental Funds
ASSETS						
Current Assets						
Cash and Cash Equivalents - Unrestricted	\$ 810,621	\$	\$ 810,621	\$ 632,540	\$	\$ 632,540
Cash and Cash Equivalents - Restricted			-		119,352	119,352
Accounts Receivable	28,910		28,910	19,886		19,886
Prepaid Expenses	69,303		69,303	75,156		75,156
Total Current Assets	908,834	-	908,834	727,582	119,352	846,934
Total Assets	\$ 908,834	\$ -	\$ 908,834	\$ 727,582	\$ 119,352	\$ 846,934
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 74,459	\$	\$ 74,459	\$ 73,268	\$	\$ 73,268
Accrued Liabilities	93,802		93,802	76,220		76,220
Total Current Liabilities	168,261	-	168,261	149,488	-	149,488
Total Liabilities	168,261	-	168,261	149,488	-	149,488
FUND BALANCES						
Nonspendable	69,303		69,303	75,156		75,156
Restricted			-		119,352	119,352
Assigned	90,309		90,309	150,072		150,072
Unassigned	580,961		580,961	352,866		352,866
Total Fund Balances	740,573	-	740,573	578,094	119,352	697,446
Total Liabilities and Fund Balances	\$ 908,834	\$ -	\$ 908,834	\$ 727,582	\$ 119,352	\$ 846,934

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2018

Fund Balances - Total Governmental Funds **\$ 740,573**

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

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

Total Historical Cost	\$ 8,818,529	
Less Accumulated Depreciation	<u>(6,880,857)</u>	1,937,672

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

ERS Net Pension Liability - Proportionate Share	<u>\$ (231,219)</u>	(231,219)
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Deferred outflows of resources represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including other postemployment benefits and pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

ERS Deferred Outflows - Pension	\$ 798,036	
ERS Deferred Inflows - Pension	(761,009)	
Deferred Outflows - OPEB	73,363	
Deferred Inflows - OPEB	<u>(480,917)</u>	(370,527)

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

Compensated Absences	\$ (128,604)	
Other Postemployment Benefits Liability	<u>(4,449,372)</u>	<u>(4,577,976)</u>

Net (Deficit) of Governmental Activities **\$ (2,501,477)**

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

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

STATEMENTS OF FINANCIAL POSITION DECEMBER 31,

ASSETS	2018	2017
Current Assets		
Cash and Cash Equivalents	\$ 893,042	\$ 812,400
Due from Tompkins County Public Library	-	3,487
Unconditional Promises to Give, Current Portion Net of Allowance for Unfulfilled Pledges of \$0 and \$2,000, Respectively	<u>94,050</u>	<u>114,111</u>
Total Current Assets	987,092	929,998
Restricted Cash and Cash Equivalents	36,913	37,808
Fixed Assets, Net of Accumulated Depreciation	8,136	9,531
Long-term Investments	2,015,952	2,174,657
Long-term Unconditional Promises to Give, Net of Discount	<u>-</u>	<u>47,530</u>
Total Assets	<u>3,048,093</u>	<u>3,199,524</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Due to Tompkins County Public Library	\$ 28,421	\$ 19,410
Accounts Payable and Accrued Liabilities	<u>19,129</u>	<u>16,552</u>
Total Current Liabilities	<u>47,550</u>	<u>35,962</u>
Net Assets		
Without Donor Restrictions	2,007,995	2,111,794
With Donor Restrictions	<u>992,548</u>	<u>1,051,768</u>
Total Net Assets	<u>3,000,543</u>	<u>3,163,562</u>
Total Liabilities and Net Assets	<u>\$ 3,048,093</u>	<u>\$ 3,199,524</u>

See Notes to Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

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

	2018			2017		
	General Fund	Capital Fund	Total Governmental Funds	General Fund	Capital Fund	Total Governmental Funds
Revenue						
State Sources	\$ 32,272	\$ 27,494	\$ 59,766	\$ 31,982	\$ 322,241	\$ 354,223
Tompkins County	3,559,359		3,559,359	3,403,415		3,403,415
City of Ithaca	16,223		16,223	15,237		15,237
Town of Ithaca	10,000		10,000	10,000		10,000
Central Development Library Grant	99,272		99,272	98,334		98,334
Friends of TCPL	300,000		300,000	295,000		295,000
TCPL Foundation	125,904		125,904	131,203	750,000	881,203
Library Charges	61,144		61,144	61,918		61,918
Use of Money and Property	1,827		1,827	1,271		1,271
Other Revenue	17,346		17,346	17,797		17,797
Total Revenue	4,223,347	27,494	4,250,841	4,066,157	1,072,241	5,138,398
Expenditure/Expenses						
Salaries	1,995,613		1,995,613	2,035,271		2,035,271
Fringe Benefits	474,618		474,618	468,758		468,758
Health Insurance	667,011		667,011	622,762		622,762
Books	162,308		162,308	174,734		174,734
Periodicals	8,453		8,453	8,304		8,304
AV/CD ROM Materials	112,830		112,830	100,956		100,956
Insurance	17,253		17,253	16,750		16,750
Repairs and Maintenance	61,214		61,214	61,372		61,372
Supplies and Materials	48,019		48,019	47,859		47,859
Telephone	28,057		28,057	20,232		20,232
Postage	1,284		1,284	1,511		1,511
Finger Lakes Library System Services	67,100		67,100	67,100		67,100
Professional Fees	283,216		283,216	245,040		245,040
Membership Dues	3,787		3,787	2,139		2,139
Equipment	119,410		119,410	70,525		70,525
Staff Development	19,921		19,921	9,127		9,127
Publicity and Printing	43,796		43,796	40,672		40,672
Miscellaneous	7,572		7,572	9,622		9,622
Capital Outlay		86,252	86,252		952,889	952,889
Total Expenditures/Expenses	4,121,462	86,252	4,207,714	4,002,734	952,889	4,955,623
Excess of Revenue (Expenditures/Expenses)	101,885	(58,758)	43,127	63,423	119,352	182,775
Other Financing Sources and (Uses)						
Operating Transfers In	60,594		60,594			
Operating Transfers (Out)		(60,594)	(60,594)			-
Total Other Financing Sources and (Uses)	60,594	(60,594)	-			-
Fund Balance						
January 1,	578,094	119,352	697,446	514,671	-	514,671
December 31,	\$ 740,573	\$ -	\$ 740,573	\$ 578,094	\$ 119,352	\$ 697,446

See Notes to Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

Net Change in Fund Balances - Total Governmental Funds **\$ 43,127**

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

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

Capital Outlay	\$ 475,147	
Depreciation Expense	<u>(398,067)</u>	77,080

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

ERS	<u>\$ 13,914</u>	13,914
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Long-term liabilities, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore expenses which result in an (increase) or decrease in these long-term liabilities are not reflected in the Governmental Funds.

Long-term Compensated Absences	\$ 3,029	
Other Postemployment Benefits Liability	<u>(233,601)</u>	<u>(230,572)</u>

Net Change in Net Position of Governmental Activities **\$ (96,451)**

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

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

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,

	2018		Total
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	
SUPPORT AND REVENUES			
Support			
Contributions	\$ 283,039	\$ 51,264	\$ 334,303
Revenues			
Interest Income	4,395		4,395
Dividend Income, net	20,784	14,710	35,494
Gain on Sale of Investments	15,191	33,757	48,948
Unrealized (Loss) Gain on Investments	(91,746)	(110,204)	(201,950)
Marketing Income	25,000		25,000
Miscellaneous Income			-
In-kind Contributions	2,440		2,440
Net Assets Released from Restrictions	48,747	(48,747)	-
Total Support and Revenues	307,850	(59,220)	248,630
EXPENSES			
Program Services	77,977		77,977
Management and General	216,157		216,157
Fundraising	117,515		117,515
Total Expenses	411,649	-	411,649
Change in Net Assets	(103,799)	(59,220)	(163,019)
Net Assets, January 1, as Restated	2,111,794	1,051,768	3,163,562
Net Assets, December 31,	\$ 2,007,995	\$ 992,548	\$ 3,000,543

See Notes to Financial Statements

2017		
Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
\$ 282,084	\$ 52,170	\$ 334,254
7,858		7,858
16,557	13,057	29,614
26,857	26,600	53,457
80,617	99,936	180,553
		-
2,704		2,704
8,622		8,622
645,331	(645,331)	-
<u>1,070,630</u>	<u>(453,568)</u>	<u>617,062</u>
797,669		797,669
100,574		100,574
118,213		118,213
<u>1,016,456</u>	<u>-</u>	<u>1,016,456</u>
54,174	(453,568)	(399,394)
<u>2,057,620</u>	<u>1,505,336</u>	<u>3,562,956</u>
<u><u>\$ 2,111,794</u></u>	<u><u>\$ 1,051,768</u></u>	<u><u>\$ 3,163,562</u></u>

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

***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.

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.

Discretely Presented Component Units

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units," GASB Statement No. 61, "The Financial Reporting Entity: Omnibus," and GASB Statement No. 85, "Omnibus 2017."

- The primary government, which is the Library,
- Organization for which the primary government is financially accountable, and
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

The decision to include a potential component unit in the reporting entity is based on the criteria set forth in GASB Statement No. 14, as amended by GASB Statements No. 39, No. 61, and No. 85. 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 PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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

- **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. 3 of the 9 to 15 directors of the Board of Directors are nominated by the Library Board. The Foundation solicits, accepts, holds, invests, reinvests, and administers any gifts, grants, bequests, contributions, devices, benefits or trusts, endowments, and property of any kind without limitation of amount or value. Approximately three-quarters of the Foundation's assets are currently invested in endowment funds. The Foundation makes payments to the Library as pledges and other revenue are collected, and after operating expenses of the Foundation are paid.

Other Related Organizations

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

Basis of Presentation - Fund Accounting

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

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

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

The Library records transactions in the fund types described below:

Fund Categories

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

- General Fund - Principal operating fund which includes all operations not required to be recorded in other funds.
- Capital Fund - Accounts for the financial resources used for capital construction.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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

Basis of Accounting/Measurement Focus

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

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

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

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

Equity Classifications - Governmental Fund Balance

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

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

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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

Equity Classifications - Governmental Fund Balance - Continued

- 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, and requires the same level of formal action to remove said constraint.
- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, which is the Board of Trustees, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund.
- Unassigned - Represents the residual classification of the government's General Fund and could report a surplus or deficit.

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

Equity Classifications - Statement of Net Position

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

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets and net of accumulated depreciation, which is reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted - Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of "net investment in capital assets" or "restricted."

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

Note 1 Summary of Significant Accounting Policies - Continued

Vacation and Compensatory Absences

Library employees are granted vacation and earn compensatory absences in varying amounts. Four weeks of vacation time is earned by each full-time, permanent and provisional employee. Benefits accrue upon commencement of employment. Upon termination, employees are compensated for unused vacation time up to a maximum of two years.

Postemployment Benefits

In addition to providing pension benefits, the Library provides postemployment health insurance coverage to retired employees in accordance with provisions governed by the County. Substantially all Library employees may become eligible for these benefits if they elect to continue coverage. The Library recognized its share of premiums for retirees as health insurance. The Library follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The Library's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with that statement. See Note 7 for additional information.

Capital Assets

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

The Library recognizes equipment purchases or acquisitions as follows:

Category	Minimum Cost	Useful Life
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 DECEMBER 31, 2018 AND 2017

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

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.

Gifts of collection items are not recognized as gift revenue in the accompanying Statements of Activities. During 2018 and 2017 there were no proceeds from deaccessions.

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 84% of total revenue, with contributions from the Foundation and Friends of the Library representing 3% and 7%, respectively.

Restricted Resources

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

Use of Estimates

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

Deferred Outflows and Inflows of Resources

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

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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

Deferred Outflows and Inflows of Resources - Continued

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

***Note 2* Cash and Investments**

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

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

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

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

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

The Library's aggregate bank balances of \$801,801 and \$827,942 for the years ended December 31, 2018 and 2017, respectively, are either insured or collateralized with securities held by the pledging financial institution in the Library's name. Restricted cash at December 31, 2018 and 2017 consisted of \$-0- and \$119,352 respectively, restricted for capital projects.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

Note 3 Capital Assets

Capital assets consisted of the following at December 31,:

	2018			
	<u>Balance at 12/31/2017</u>	<u>Additions</u>	<u>Retirements & Reclassifications</u>	<u>Balance at 12/31/2018</u>
Historical Cost				
Construction in Progress	\$ 690,511	\$ 32,756	\$ (723,267)	\$ -
Leasehold Improvements	-		723,267	723,267
Equipment	1,933,653	164,853		2,098,506
Collection	5,896,101	277,538	(176,883)	5,996,756
Total Capital Assets	<u>8,520,265</u>	<u>475,147</u>	<u>(176,883)</u>	<u>8,818,529</u>
Less Accumulated Depreciation:				
Equipment	(1,451,195)	(157,557)		(1,608,752)
Collection	(5,208,478)	(240,510)	176,883	(5,272,105)
Total Accumulated Depreciation	<u>(6,659,673)</u>	<u>(398,067)</u>	<u>176,883</u>	<u>(6,880,857)</u>
 Total Capital Assets, Net	 <u>\$ 1,860,592</u>	 <u>\$ 77,080</u>	 <u>\$ -</u>	 <u>\$ 1,937,672</u>
	2017			
	<u>Balance at 12/31/2016</u>	<u>Additions</u>	<u>Retirements & Reclassifications</u>	<u>Balance at 12/31/2017</u>
Historical Cost				
Construction in Progress	\$ -	\$ 690,511	\$ -	\$ 690,511
Equipment	1,620,394	317,164	(3,905)	1,933,653
Collection	5,791,764	278,090	(173,753)	5,896,101
Total Capital Assets	<u>7,412,158</u>	<u>1,285,765</u>	<u>(177,658)</u>	<u>8,520,265</u>
Less Accumulated Depreciation:				
Equipment	(1,368,657)	(86,443)	3,905	(1,451,195)
Collection	(5,122,291)	(259,940)	173,753	(5,208,478)
Total Accumulated Depreciation	<u>(6,490,948)</u>	<u>(346,383)</u>	<u>177,658</u>	<u>(6,659,673)</u>
 Total Capital Assets, Net	 <u>\$ 921,210</u>	 <u>\$ 939,382</u>	 <u>\$ -</u>	 <u>\$ 1,860,592</u>

Depreciation expense amounted to \$398,067 and \$346,383 for the years ended December 31, 2018 and 2017, respectively.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

Note 4 Compensated Absences

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

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

Balance at 12/31/2017	Additions	Payments	Balance at 12/31/2018
\$ 131,633	\$ -	\$ (3,029)	\$ 128,604
Balance at 12/31/2016	Additions	Payments	Balance at 12/31/2017
\$ 145,533	\$ -	\$ (13,900)	\$ 131,633

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

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

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

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

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

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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

Summary of Significant Accounting Policies

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

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

Contributions

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
ERS	\$ 264,626	\$ 260,850	\$ 303,722

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

At December 31, 2018, the Library reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Library's proportionate share of the net pension liability was based on a projection of the Library's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from report provided to the Library by the ERS System.

	2018	2017
Actuarial Valuation Date	04/01/2017	04/01/2016
Net Pension Liability	\$ 3,227,444,946	\$ 9,396,223,126
Library's Proportionate Share of the Plan's Total Net Pension Liability	231,219	660,193
Library's Share of the Net Pension Liability	0.007164%	0.007026%

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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

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

For the year ended December 31, 2018, the Library recognized pension expense of \$258,591 for ERS in the financial statements. At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018	2017
Deferred Outflows of Resources		
Differences Between Expected and Actual Experience	\$ 82,468	\$ 16,544
Changes in Assumptions	153,317	225,546
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	335,827	131,867
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	18,514	10,237
Library's Contributions Subsequent to the Measurement Date	207,910	198,470
Total Deferred Outflows of Resources	\$ 798,036	\$ 582,664
Deferred Inflows of Resources		
Differences Between Expected and Actual Experience	\$ (68,149)	\$ (100,254)
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	(662,889)	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	(29,971)	(30,323)
Total Deferred Inflows of Resources	\$ (761,009)	\$ (130,577)

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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

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

Library contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the years ended December 31, 2018 and 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	2018	2017
2018	\$ -	\$ 116,495
2019	41,305	116,495
2020	34,712	110,240
2021	(169,119)	(89,613)
2022	(77,781)	-
2023	-	-
Thereafter		

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	2018	2017
Measurement Date	March 31, 2018	March 31, 2017
Actuarial Valuation Date	April 1, 2017	April 1, 2016
Investment Rate of Return	7.0%	7.0%
Salary Increases	3.8%	3.8%
Cost of Living Adjustments	1.3%	1.3%
Inflation Rate	2.5%	2.5%

For 2018 and 2017, annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2017 and 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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

Actuarial Assumptions - Continued

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

Measurement Date Asset Type:	<u>2018</u>	<u>2017</u>
	March 31, 2018	March 31, 2017
Domestic Equities	4.6%	4.6%
International Equities	6.4%	6.4%
Real Estate	5.6%	5.8%
Private Equity/Alternative Investments	7.5%	7.8%
Absolute Return Strategies	3.8%	4.0%
Opportunistic Portfolio	5.7%	5.9%
Real Assets	5.3%	5.5%
Cash	(0.3%)	(0.3%)
Inflation-indexed Bonds	1.3%	1.5%
Mortgages and Bonds	1.3%	1.3%

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% and 7.0% in 2018 and 2017, respectively. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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

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

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

	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
2018			
Library's Proportionate Share of the Net Pension Liability	\$ 1,749,465	\$ 231,219	\$ (1,053,157)
2017			
Library's Proportionate Share of the Net Pension Liability	\$ 2,108,526	\$ 660,193	\$ (564,370)

Pension Plan Fiduciary Net Position

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

	Dollars in Thousands 2018	Dollars in Thousands 2017
Measurement Date	March 31, 2018	March 31, 2017
Employers' Total Pension Liability	\$ 183,400,590	\$ 177,400,586
Plan Net Position	180,173,145	168,004,363
Employers' Net Pension Liability	<u>\$ 3,227,445</u>	<u>\$ 9,396,223</u>
Ratio of Plan Net Position to the Employers' Total Pension Liability	98.2%	94.7%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of December 31, 2018 and 2017 represent the projected employer contribution for the period of April 1, 2018 through December 31, 2018 and April 1, 2017 through December 31, 2017 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2018 and 2017 amounted to \$-0- and \$-0-, respectively.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

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

Current and Prior Year Activity

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

	2018		
	Beginning Balance	Change	Ending Balance
Net Pension Liability	\$ (660,193)	\$ 428,974	\$ (231,219)
Deferred Outflows of Resources	582,664	215,372	798,036
Deferred Inflows of Resources	(130,577)	(630,432)	(761,009)
Total	\$ (208,106)	\$ 13,914	\$ (194,192)
	2017		
	Beginning Balance	Change	Ending Balance
Net Pension Liability	\$ (1,168,629)	\$ 508,436	\$ (660,193)
Deferred Outflows of Resources	1,210,320	(627,656)	582,664
Deferred Onflows of Resources	(167,657)	37,080	(130,577)
Total	\$ (125,966)	\$ (82,140)	\$ (208,106)

Note 6 Other Postemployment Benefits

Postemployment Benefits Other than Pensions

During the year ended December 31, 2018 the Library implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ended December 31, 2018. This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions," as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB."

General Information about the OPEB Plan

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

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

Note 6 Other Postemployment Benefits - Continued

General Information about the OPEB Plan - Continued

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

Employees Covered by Benefit Terms - At December 31, 2018, the following employees were covered by the benefit terms:

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

Total OPEB Liability

The Library's total OPEB liability of \$4,449,372 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate:	3.44%
Discount Rate	3.44%
Salary Scale	2.90%
Rate of Inflation	2.40%
Marital Assumption	70.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	7.00% for 2019, Decreasing to an Ultimate Rate of 3.94% for 2088 and Later Years

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

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

Termination rates were based on the experience under the NYS and Local Retirement System.

Retirement rates are based on the experience under the New York State and Local Retirement System.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

Note 6 Other Postemployment Benefits - Continued

Total OPEB Liability

The actuarial assumptions used in the January 1, 2018 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

	Total OPEB Liability
Balance at December 31, 2017	\$ 4,702,696
 Changes for the Year	
Service Cost	199,381
Interest Cost	183,798
Differences Between Expected and Actual Experience	(405,068)
Changes in Assumptions or Other Inputs	(152,064)
Benefit Payments	(79,371)
	(253,324)
 Balance at December 31, 2018	 \$ 4,449,372

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1 - percentage-point lower (2.44%) or 1 - percentage-point higher (4.44%) than the current discount rate:

	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB Liability	\$ 5,292,645	\$ 4,449,372	\$ 3,779,853

Changes of assumptions and other inputs reflect a change in the discount rate from 3.78% in 2017 to 3.44% in 2018.

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

	1% Decrease (6.00% to 2.94%)	Healthcare Cost Trend Rate (7.00% to 3.94%)	1% Increase (8.00% to 4.94%)
Total OPEB Liability	\$ 3,694,009	\$ 4,449,372	\$ 5,434,380

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

Note 6 Other Postemployment Benefits - Continued

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

For the year ended December 31, 2018, the Library recognized OPEB expense of \$540,565.

At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 349,655
Changes in Assumptions or Other Inputs	-	131,262
Contributions Subsequent to Measurement Date	73,363	-
Total	\$ 73,363	\$ 480,917

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending December 31,	Amount
2019	\$ (76,215)
2020	(76,215)
2021	(76,215)
2022	(76,215)
2023 and Thereafter	(176,057)

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
OPEB Liability	\$ 4,702,696	\$ (253,324)	\$ 4,449,372
Deferred Outflows of Resources	(79,371)	6,008	(73,363)
Deferred Inflows of Resources	-	480,917	480,917
Total	\$ 4,623,325	\$ 233,601	\$ 4,856,926

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

Note 7 Fund Balances and Net Position

Restricted Fund Balances

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

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

		2017		
Capital Fund	Beginning		Appropriated	Ending
Restricted Fund Balance	Balance	Additions	Balance	Balance
Reserved for Capital Projects	\$ -	\$ 1,072,241	\$ (952,889)	\$ 119,352

Note 8 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 9 Related Parties

The Library received contributions of \$300,000 and \$295,000 from the Friends of the Tompkins County Public Library for the years ended December 31, 2018 and 2017, respectively.

Note 10 Component Unit Transactions

The Library received contributions of \$125,904 and \$881,203 from the Foundation for the years ended December 31, 2018 and 2017, respectively, which are reported in the financial statements. Also refer to Note 3 which discusses the difference in revenue recognition criteria between the Foundation and the Library. In addition, the Library received \$2,116 and \$7,150 in-kind contributions of materials for the years ended December 31, 2018 and 2017, respectively, which are not reflected in the financial statements of the Library.

The County contributed \$3,559,359 and \$3,403,415 to the Library for the years ended December 31, 2018 and 2017, respectively, which are reported in the financial statements. Additionally for 2018 and 2017, respectively, the County provided debt service of \$483,179 and \$483,179 for serial bond payments on the building occupied by the Library. Additionally, on February 21, 2018, the County issued \$1,825,000 of serial bonds, with interest ranging between 2.0% and 2.5%, which includes \$300,000 for the Library's improvement purposes. These amounts are not reflected in the financial statements of the Library.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

Note 11 **Commitments and Contingencies**

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.

The 21st Century Library Campaign

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

Note 12 **Deficit Unrestricted Net Position**

Unrestricted net position in the Government-wide Statement of Net Position shows a deficit balance of \$(4,439,149) and \$(4,414,859) for the years ended December 31, 2018 and 2017, respectively. These deficits stem from the required recording of other postemployment benefits expense and liability in the Government-wide statements. Currently, there is no mechanism for governments in New York State to fund this liability. Therefore, the liability and unrestricted net deficit are expected to continue for the immediate future.

Note 13 **Restatement**

The Library's December 31, 2017 net position has been restated to reflect the following:

Net Position (Deficit) Beginning of Year	\$ (2,768,584)
GASB Statement No. 75 Implementation	
Beginning OPEB Plan Liability	<u>363,558</u>
Net Position (Deficit) Beginning of Year, as Restated	<u><u>\$ (2,405,026)</u></u>

TOMPKINS COUNTY PUBLIC LIBRARY

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

	2018			
	Original Budget	Modified Budget	Actual	Variance Fav.(Unfav.)
Revenue				
State Sources	\$ 31,482	\$ 31,482	\$ 32,272	\$ 790
Tompkins County	3,559,359	3,559,359	3,559,359	-
City of Ithaca	15,238	15,238	16,223	985
Town of Ithaca	10,000	10,000	10,000	-
Central Library Development Grant	98,334	98,334	99,272	938
Friends of TCPL	300,000	300,000	300,000	-
TCPL Foundation	89,648	125,904	125,904	-
Library Charges	56,000	56,000	61,144	5,144
Use of Money and Property	1,000	1,000	1,827	827
Other Revenues	17,195	18,695	17,346	(1,349)
Total Revenue	<u>4,178,256</u>	<u>4,216,012</u>	<u>4,223,347</u>	<u>7,335</u>
Expenditures				
Salaries	2,080,528	2,081,127	1,995,613	85,514
Fringe Benefits	496,444	496,919	474,618	22,301
Health Insurance	688,935	688,935	667,011	21,924
Books	152,348	168,659	162,308	6,351
Periodicals	9,100	13,302	8,453	4,849
AV/CD ROM Materials	104,730	128,424	112,830	15,594
Insurance	17,253	17,253	17,253	-
Repairs and Maintenance	74,844	70,144	61,214	8,930
Supplies and Materials	51,500	64,405	48,019	16,386
Telephone	23,850	28,060	28,057	3
Postage	2,000	2,000	1,284	716
Finger Lakes Library System Services	67,100	67,100	67,100	-
Professional Fees	268,934	295,248	283,216	12,032
Membership Dues	3,000	4,250	3,787	463
Equipment	72,500	145,443	119,410	26,033
Staff Development	15,458	29,100	19,921	9,179
Publicity and Printing	52,967	81,783	43,796	37,987
Miscellaneous	30,000	27,926	7,572	20,354
Total Expenditures	<u>4,211,491</u>	<u>4,410,078</u>	<u>4,121,462</u>	<u>288,616</u>
Excess of (Expenditures) Over Revenue	(33,235)	(194,066)	101,885	<u>\$ 295,951</u>
Other Financing Sources and (Uses)				
Operating Transfers In	<u> </u>	<u>60,594</u>	<u>60,594</u>	<u>(60,594)</u>
Total Other Financing Sources and (Uses)	<u> </u>	<u>60,594</u>	<u>60,594</u>	<u>(60,594)</u>
Appropriated Fund Balance	<u>33,235</u>	<u>133,472</u>		
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>		
Fund Balance, January 1,			<u>578,094</u>	
Fund Balance, December 31,			<u>\$ 740,573</u>	

See Notes to Required Supplementary Information

2017

<u>Original Budget</u>	<u>Modified Budget</u>	<u>Actual</u>	<u>Variance Fav.(Unfav.)</u>
\$ 31,957	\$ 31,957	\$ 31,982	\$ 25
3,403,415	3,403,415	3,403,415	-
15,086	15,086	15,237	151
10,000	10,000	10,000	-
98,245	98,245	98,334	89
295,000	295,000	295,000	-
131,203	131,203	131,203	-
58,500	58,500	61,918	3,418
1,000	1,000	1,271	271
16,590	16,590	17,797	1,207
<u>4,060,996</u>	<u>4,060,996</u>	<u>4,066,157</u>	<u>5,161</u>
2,035,272	2,035,272	2,035,271	1
522,539	522,539	468,758	53,781
628,452	628,452	622,762	5,690
186,514	186,514	174,734	11,780
11,628	11,628	8,304	3,324
121,638	121,638	100,956	20,682
16,751	16,751	16,750	1
61,378	61,378	61,372	6
52,665	52,665	47,859	4,806
20,320	20,320	20,232	88
2,000	2,000	1,511	489
67,100	67,100	67,100	-
307,173	307,173	245,040	62,133
2,659	2,659	2,139	520
86,455	86,455	70,525	15,930
22,517	22,517	9,127	13,390
52,300	52,300	40,672	11,628
11,790	11,790	9,622	2,168
<u>4,209,151</u>	<u>4,209,151</u>	<u>4,002,734</u>	<u>206,417</u>
(148,155)	(148,155)	63,423	<u>\$ 211,578</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>148,155</u>	<u>148,155</u>		
<u>\$ -</u>	<u>\$ -</u>		
		<u>514,671</u>	
		<u>\$ 578,094</u>	

TOMPKINS COUNTY PUBLIC LIBRARY

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually Required Contribution	\$ 264,626	\$ 260,850	\$ 303,722
Contributions in Relation to the Contractually Required Contribution	(264,626)	(260,850)	(303,722)
Contribution Deficiency (Excess)	-	-	-
Library's Covered Employee Payroll	1,869,784	1,852,253	1,798,141
Contributions as a Percentage of Covered - Employee Payroll	14.2%	14.1%	16.9%

* Information Not Readily Available

See Notes to Required Supplementary Information

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 288,556	\$320,152	\$ 265,631	\$ 227,295	\$ 188,229	\$ *	\$ *
(288,556)	(320,152)	(265,631)	(227,295)	(188,229)	*	*
-	-	-	-	-	*	*
1,685,339	1,489,640	1,532,665	1,457,033	1,536,141	*	*
17.1%	21.5%	17.3%	15.6%	12.3%	N/A	N/A

TOMPKINS COUNTY PUBLIC LIBRARY

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Library's Proportion of the Net Pension Liability	0.007164%	0.007026%	0.007281%	0.006200%
Library's Proportionate Share of the Net Pension Liability	\$ (231,219)	\$ (660,193)	\$ (1,168,629)	\$ (209,698)
Library's Covered Employee Payroll During the Measurement Period	1,889,283	1,811,285	1,758,709	1,465,228
Library's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	(12.24)%	(36.45)%	(66.45)%	(14.31)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.2%	94.7%	90.7%	97.9%

See Notes to Required Supplementary Information

TOMPKINS COUNTY PUBLIC LIBRARY

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

	2018	2017	2016
Total OPEB Liability			
Service Cost	\$ 199,381	\$ *	\$ *
Interest Cost	183,798	*	*
Changes of Benefit Terms		*	*
Experience	(405,068)	*	*
Payments	(152,064)	*	*
Benefit Payments	(79,371)	*	*
	(253,324)	*	*
Total OPEB Liability - Beginning	4,702,696	*	*
Total OPEB Liability - Ending	\$ 4,449,372	\$ 4,702,696	\$ *
Covered Employee Payroll	\$ 2,118,028	\$ *	\$ *
Liability as a % of Covered Payroll	210%		

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

See Notes to Required Supplementary Information

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
<u><u>\$ *</u></u>	<u><u>\$ *</u></u>	<u><u>\$ *</u></u>	<u><u>\$ *</u></u>	<u><u>\$ *</u></u>	<u><u>\$ *</u></u>	<u><u>\$ *</u></u>

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2018 AND 2017

Note 1 **Budget Basis of Accounting**

Budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or expenditure in 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 ensuing 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, 2018.

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

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

2018 - 3.44%

2017 - 3.78%

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

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

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

Changes in Benefit Terms

There were no significant legislative changes in benefits.

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2017 actuarial valuation.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2018 AND 2017

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

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2017 actuarial valuation determines the employer rates for contributions payable in fiscal year 2018. The following actuarial methods and assumptions were used:

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

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

To the Board of Trustees
Tompkins County Public Library
Ithaca, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, and each major fund of Tompkins County Public Library (the Library), a component unit of the County of Tompkins, as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated June 14, 2019. Our report includes a reference to other auditors who audited the financial statements of Tompkins County Public Library Foundation, Inc. (the Foundation), as described in our report on the Library's financial statements. The financial statements of the Foundation were audited by other auditors, were not required to be, and were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
June 14, 2019