

TOMPKINS COUNTY PUBLIC LIBRARY

Ithaca, New York

FINANCIAL REPORT

**For the Years Ended
December 31, 2022 and 2021**



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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate discretely presented component unit 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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate discretely presented component unit of the Tompkins County Public Library, as of December 31, 2022 and 2021, 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.

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 as of December 31, 2022 and 2021, and the respective changes in financial position, thereof for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Foundation, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 the Library’s Proportionate Share of Net Pension (Asset)/Liability - NYSLRS Pension Plan; Schedule of Changes in the Library’s Total OPEB Liability and Related Ratios; and notes to required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 May 31, 2023, 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,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
May 31, 2023

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

The following is a discussion and analysis of Tompkins County Public Library's (the Library) financial performance for the years ended December 31, 2022, 2021, and 2020. 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," 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.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: MD&A (this section), 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.

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

Statement of Net Position and Statement of Activities

The Statement of Net Position and Statement of Activities 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 statements 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 Funds

The Governmental Funds 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, 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 DECEMBER 31, 2022

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

| Condensed Statement of Net Position | Governmental Activities and Total Library | | |
|---|--|-----------------------|-----------------------|
| | 2022 | 2021 | 2020 |
| <i>Current Assets</i> | \$ 1,477,203 | \$ 1,636,090 | \$ 1,010,399 |
| <i>Noncurrent Assets</i> | 582,124 | - | - |
| <i>Capital Assets, Net</i> | 1,693,697 | 1,731,274 | 1,736,721 |
| Total Assets | 3,753,024 | 3,367,364 | 2,747,120 |
| Total Deferred Outflows of Resources | 2,312,356 | 3,043,352 | 2,165,733 |
| <i>Current Liabilities</i> | 143,370 | 106,487 | 114,127 |
| <i>Noncurrent Liabilities</i> | 5,281,406 | 5,050,471 | 7,436,968 |
| Total Liabilities | 5,424,776 | 5,156,958 | 7,551,095 |
| Total Deferred Inflows of Resources | 2,702,775 | 2,956,330 | 849,151 |
| <i>Net Investment in Capital Assets</i> | 1,693,697 | 1,731,274 | 1,736,721 |
| <i>Unrestricted (Deficit)</i> | (3,755,868) | (3,433,846) | (5,224,114) |
| Total Net Position (Deficit) | \$ (2,062,171) | \$ (1,702,572) | \$ (3,487,393) |

Significant changes from the prior year are as follows:

- Noncurrent assets increased largely due to the conversion of the New York State Local Retirement System (NYSLRS) net pension liability in 2021 to a net pension asset in 2022.
- Changes in total deferred inflows and outflows of resources relate to changes in actuarial assumptions for the NYSLRS pension plan, as well as the Library's other postemployment benefits plan, as well as differences between expected and actual earnings on the NYSLRS pension plan.
- Noncurrent liabilities increased largely due to an increase in the Library's other postemployment benefits plan.

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

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

Figure 2

| Changes in Net Position | Governmental Activities and Total Library | | |
|---|--|---------------------|---------------------|
| | 2022 | 2021 | 2020 |
| Revenue | | | |
| <i>State Sources</i> | \$ 31,330 | \$ 53,406 | \$ 23,212 |
| <i>Federal Sources</i> | - | 589,865 | 461,000 |
| <i>Tompkins County</i> | 3,618,972 | 3,298,191 | 3,234,110 |
| <i>City of Ithaca</i> | 17,893 | 14,650 | 22,077 |
| <i>Town of Ithaca</i> | 15,000 | 15,000 | 15,000 |
| <i>CLD Grant</i> | 96,748 | 116,101 | 77,410 |
| <i>Friends of the Library</i> | 230,000 | 215,000 | 237,433 |
| <i>Library Foundation</i> | 149,364 | 220,620 | 189,470 |
| <i>Library Charges</i> | 15,764 | 10,744 | 8,084 |
| <i>Sale of Property and Compensation for Loss</i> | - | (726) | - |
| <i>Other Revenue</i> | 33,029 | 22,004 | 14,507 |
| Total Revenues | \$ 4,208,100 | \$ 4,554,855 | \$ 4,282,303 |
| Expenses | | | |
| <i>Personnel Services</i> | \$ 3,485,256 | \$ 1,940,037 | \$ 4,089,320 |
| <i>Insurance, Repairs, and Maintenance</i> | 74,582 | 68,406 | 68,144 |
| <i>Supplies and Materials, Periodicals, and Equipment</i> | 68,660 | 52,584 | 37,860 |
| <i>Telephone, Postage, and Printing</i> | 65,691 | 41,888 | 45,399 |
| <i>Finger Lakes Library System Services</i> | 65,800 | 65,800 | 68,400 |
| <i>Professional Dues and Fees</i> | 315,492 | 208,875 | 207,797 |
| <i>Depreciation</i> | 460,262 | 376,526 | 454,582 |
| <i>Other Expenses</i> | 31,956 | 15,918 | 7,010 |
| Total Expenses | \$ 4,567,699 | \$ 2,770,034 | \$ 4,978,512 |
| CHANGE IN NET POSITION | \$ (359,599) | \$ 1,784,821 | \$ (696,209) |

Significant changes from prior year are as follows:

- Federal sources decreased mainly due to paycheck protection program funds received and forgiven during 2021. No additional funds were provided during 2022.
- Funds received from Tompkins County increased due to additional budgeted appropriations at the County level to the Library.
- The effects of changes in the Library's other postemployment benefits plan liabilities and related deferred inflows and outflows of resources caused a large increase in employee benefits, which is reported within personnel services.
- Professional fees increased largely due to the hiring of improved security at the Library.

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

As the Library completed the year ended December 31, 2022, the General Fund reported a combined fund balance of \$1,333,833. *Figure 9* shows the components of fund balance for the General Fund.

*Figure 3
Governmental Funds
Fund Balances for the Years Ended December 31,*

| <i>General Fund Balance</i> | <i>2022</i> | <i>2021</i> | <i>2020</i> |
|--|---------------------|---------------------|-------------------|
| <i>Nonspendable</i> | \$ 48,009 | \$ 129,218 | \$ 73,893 |
| <i>Assigned</i> | 20,000 | 13,500 | 213,905 |
| <i>Unassigned</i> | 1,265,824 | 1,386,885 | 608,474 |
| <i>Total General Fund Balance</i> | \$ 1,333,833 | \$ 1,529,603 | \$ 896,272 |

Unassigned fund balance was 28.7% of the operating expenditures budgeted for 2022.

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 original budget was increased by \$420,025 during 2022, primarily in order to purchase additional equipment and supplies.

The resources available for appropriation in the General Fund were \$13,792 more than budgeted. Expenditures were \$365,910 favorable when compared to budget.

CAPITAL ASSET ADMINISTRATION

Capital Assets

At December 31, 2022, the Library had invested in a broad range of capital assets totaling \$9,584,722, which is offset by accumulated depreciation of \$7,891,025. At December 31, 2021, total capital assets were \$9,356,246; offset by accumulated depreciation of \$7,624,972. *Figure 10* shows the changes in the Library's capital assets.

Figure 4

| <i>Changes in Net Capital Assets, Net</i> | <i>Governmental Activities and Total Library</i> | | |
|---|--|---------------------|---------------------|
| | <i>2022</i> | <i>2021</i> | <i>2020</i> |
| <i>Equipment</i> | \$ 307,541 | \$ 338,887 | \$ 421,455 |
| <i>Collection</i> | 785,276 | 758,292 | 664,325 |
| <i>Leasehold Improvements</i> | 600,880 | 634,095 | 650,941 |
| <i>Total Capital Assets, Net</i> | \$ 1,693,697 | \$ 1,731,274 | \$ 1,736,721 |

TOMPKINS COUNTY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2022

FACTORS BEARING ON THE LIBRARY'S FUTURE

- Covid-19 continues to impact Library operations, mostly impacting staff attendance during times of illness. However, operations continue to normalize after the return of core library services required by New York State in mid-2021. We are observing increased visits, though those numbers are usually related to the season/weather. The Library remains optimistic that community use will continue to increase and return to typical pre-Covid numbers, with the long-term goal of increasing visits every year.
- Tompkins County provided approximately 80% of the library's 2022 operational budget and increased support for the Library in fiscal year 2023 by increasing the ongoing fiscal target and approving two over-target requests. Increased support has enabled the Library to meet typical contractual and benefit increases and restore 3.0 FTE staffing positions, which were vital for resuming normal operations. \$57,000 in one-time funding allowed for enhanced security services. Succession planning for key personnel over the next five years is essential and may require asks for additional personnel funding.
- A new Library Director began in November 2022. Their focus on balancing customer service, collections, and programming sparked assessment of workflows and collections specifically. No major structural initiatives are anticipated during the initial 18 months, but budgeting for collections, programs, and supplies are being reviewed closely.
- Technology continues to impact and enhance Library services. RFID technology is slated for implementation by the end of 2023, along with migration to a new, cloud-based integrated library system (ILS). RFID should enable more efficient circulation processes, allowing more time for patron services. Initial RFID implementation will incur one-time costs, with some ongoing service charges, but should not impact the budget. Continued focus on digital collections may re-prioritize spending but not necessarily require a larger budget.
- Both bargaining contracts with the Professional Staff Association and the Support Staff Association were ratified in 2022. Negotiations for the next contract will begin in 2024 and future economic conditions may have a significant impact during negotiations.

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,

| | 2022 | 2021 |
|---|-----------------------|-----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 1,323,467 | \$ 1,498,751 |
| Accounts Receivable | 105,727 | 8,121 |
| Prepaid Expenses | 48,009 | 129,218 |
| Total Current Assets | 1,477,203 | 1,636,090 |
| Noncurrent Assets | | |
| Net Pension Asset - Proportionate Share | 582,124 | - |
| Capital Assets, Net of Accumulated Depreciation of \$7,891,025 in 2022 and \$7,624,972 in 2021 | 1,693,697 | 1,731,274 |
| Total Noncurrent Assets | 2,275,821 | 1,731,274 |
| Total Assets | 3,753,024 | 3,367,364 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pensions | 1,271,019 | 1,782,084 |
| OPEB | 1,041,337 | 1,261,268 |
| Total Deferred Outflows of Resources | 2,312,356 | 3,043,352 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | 89,382 | 58,189 |
| Accrued Liabilities | 53,988 | 48,298 |
| Total Current Liabilities | 143,370 | 106,487 |
| Noncurrent Liabilities | | |
| Compensated Absences | 190,919 | 170,468 |
| Net Pension Liability - Proportionate Share | - | 7,888 |
| Other Postemployment Benefits Liability | 5,090,487 | 4,872,115 |
| Total Noncurrent Liabilities | 5,281,406 | 5,050,471 |
| Total Liabilities | 5,424,776 | 5,156,958 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pensions | 2,146,963 | 2,341,135 |
| OPEB | 555,812 | 615,195 |
| Total Deferred Inflows of Resources | 2,702,775 | 2,956,330 |
| Net Position | | |
| Net Investment in Capital Assets | 1,693,697 | 1,731,274 |
| Unrestricted | (3,755,868) | (3,433,846) |
| Total Net (Deficit) | \$ (2,062,171) | \$ (1,702,572) |

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

| FUNCTIONS/PROGRAMS | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|---|---------------------|-------------------------|---------------------|-------------------|--|
| | | Charges for Services | Operating Grants | Capital Grants | |
| Culture and Recreation | \$ 4,567,699 | \$ 15,764 | \$ 509,005 | \$ 31,330 | \$ (4,011,600) |
| Total Functions and Programs | \$ 4,567,699 | \$ 15,764 | \$ 509,005 | \$ 31,330 | (4,011,600) |
| GENERAL REVENUES | | | | | |
| County Appropriation | | | | | 3,618,972 |
| Use of Money and Property | | | | | 5,402 |
| Federal Sources | | | | | - |
| Sale of Property and Compensation for Loss | | | | | - |
| Gifts and Donations | | | | | 2,400 |
| Miscellaneous | | | | | 25,227 |
| Total General Revenues | | | | | 3,652,001 |
| Change in Net Position | | | | | (359,599) |
| Total Net Position (Deficit) - Beginning of Year | | | | | (1,702,572) |
| Total Net Position (Deficit) - End of Year | | | | | \$ (2,062,171) |

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2021

| | <u>Expenses</u> | <u>Program Revenues</u> | | | <u>Net (Expense) Revenue and Changes in Net Position</u> |
|---|----------------------------|---------------------------------|-----------------------------|---------------------------|--|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants</u> | <u>Capital Grants</u> | <u>Net (Expense) Revenue and Changes in Net Position</u> |
| FUNCTIONS/PROGRAMS | | | | | |
| Culture and Recreation | \$ 2,770,034 | \$ 10,744 | \$ 581,371 | \$ 53,406 | \$ (2,124,513) |
| Total Functions and Programs | <u>\$ 2,770,034</u> | <u>\$ 10,744</u> | <u>\$ 581,371</u> | <u>\$ 53,406</u> | <u>(2,124,513)</u> |
| GENERAL REVENUES | | | | | |
| County Appropriation | | | | | 3,298,191 |
| Use of Money and Property | | | | | 1,648 |
| Federal Sources | | | | | 589,865 |
| Sale of Property and Compensation for Loss | | | | | (726) |
| Gifts and Donations | | | | | 2,400 |
| Miscellaneous | | | | | 17,956 |
| Total General Revenues | | | | | <u>3,909,334</u> |
| Change in Net Position | | | | | 1,784,821 |
| Total Net Position (Deficit) - Beginning of Year | | | | | <u>(3,487,393)</u> |
| Total Net Position (Deficit) - End of Year | | | | | <u><u>\$ (1,702,572)</u></u> |

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

BALANCE SHEET - GOVERNMENTAL FUNDS AS OF DECEMBER 31,

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| | <u>General</u> | <u>General</u> |
| | <u>Fund</u> | <u>Fund</u> |
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 1,323,467 | \$ 1,498,751 |
| Accounts Receivable | 105,727 | 8,121 |
| Prepaid Expenses | 48,009 | 129,218 |
| Total Assets | \$ 1,477,203 | \$ 1,636,090 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts Payable | \$ 89,382 | \$ 58,189 |
| Accrued Liabilities | 53,988 | 48,298 |
| Total Liabilities | 143,370 | 106,487 |
| FUND BALANCES | | |
| Nonspendable | 48,009 | 129,218 |
| Assigned | 20,000 | 13,500 |
| Unassigned | 1,265,824 | 1,386,885 |
| Total Fund Balances | 1,333,833 | 1,529,603 |
| Total Liabilities and Fund Balances | \$ 1,477,203 | \$ 1,636,090 |

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2022

Fund Balances - Total Governmental Funds **\$ 1,333,833**

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 | \$ 9,584,722 | |
| Less Accumulated Depreciation | <u>(7,891,025)</u> | 1,693,697 |

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

| | |
|---|---------|
| ERS Net Pension Asset - Proportionate Share | 582,124 |
|---|---------|

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.

| | | |
|--|------------------|-----------|
| Deferred Outflows of Resources - Pension | \$ 1,271,019 | |
| Deferred Inflows of Resources - Pension | (2,146,963) | |
| Deferred Outflows of Resources - OPEB | 1,041,337 | |
| Deferred Inflows of Resources - OPEB | <u>(555,812)</u> | (390,419) |

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 | \$ (190,919) | |
| Other Postemployment Benefits Liability | <u>(5,090,487)</u> | <u>(5,281,406)</u> |

Net (Deficit) of Governmental Activities **\$ (2,062,171)**

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,

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ 681,184 | \$ 639,893 |
| Employee Advance | 12,275 | - |
| Employee Retention Credit Receivable | - | 47,324 |
| Unconditional Promises to Give, Current Portion Net of Allowance for Unfulfilled Pledges of \$-0- and \$2,000, Respectively | 20,000 | 23,069 |
| Total Current Assets | <u>713,459</u> | <u>710,286</u> |
| Restricted Cash and Cash Equivalents | 24,835 | 33,874 |
| Fixed Assets, Net of Accumulated Depreciation | 2,556 | 3,951 |
| Long-Term Investments | 2,254,090 | 2,864,336 |
| Long-Term Unconditional Promises to Give, Net of Discount | - | 20,000 |
| Total Assets | <u>\$ 2,994,940</u> | <u>\$ 3,632,447</u> |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts Payable and Accrued Liabilities | \$ 8,880 | \$ 10,519 |
| Total Current Liabilities | <u>8,880</u> | <u>10,519</u> |
| Total Liabilities | <u>8,880</u> | <u>10,519</u> |
| Net Assets | | |
| Without Donor Restrictions | 2,045,142 | 2,374,218 |
| With Donor Restrictions | 940,918 | 1,247,710 |
| Total Net Assets | <u>2,986,060</u> | <u>3,621,928</u> |
| Total Liabilities and Net Assets | <u>\$ 2,994,940</u> | <u>\$ 3,632,447</u> |

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

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

| | 2022 | 2021 |
|--------------------------------------|-------------------------|-------------------------|
| | General Fund | General Fund |
| Revenue | | |
| State Sources | \$ 31,330 | \$ 53,406 |
| Federal Sources | - | 589,865 |
| Tompkins County | 3,618,972 | 3,298,191 |
| City of Ithaca | 17,893 | 14,650 |
| Town of Ithaca | 15,000 | 15,000 |
| Central Development Library Grant | 96,748 | 116,101 |
| Friends of TCPL | 230,000 | 215,000 |
| TCPL Foundation | 149,364 | 220,620 |
| Library Charges | 15,764 | 10,744 |
| Use of Money and Property | 5,402 | 1,648 |
| Other Revenue | 25,227 | 17,956 |
| Total Revenue | 4,205,700 | 4,553,181 |
| Expenditures | | |
| Salaries | 2,211,845 | 1,926,537 |
| Fringe Benefits | 432,540 | 487,398 |
| Health Insurance | 714,619 | 683,039 |
| Books | 185,419 | 169,304 |
| Periodicals | 6,411 | 8,829 |
| AV/CD ROM Materials | 165,692 | 148,884 |
| Insurance | 19,417 | 18,852 |
| Repairs and Maintenance | 55,165 | 49,554 |
| Supplies and Materials | 55,862 | 43,755 |
| Telephone | 17,895 | 21,180 |
| Postage | 3,809 | 103 |
| Finger Lakes Library System Services | 65,800 | 65,800 |
| Professional Fees | 312,027 | 207,328 |
| Membership Dues | 3,465 | 1,547 |
| Equipment | 75,561 | 51,217 |
| Staff Development | 16,247 | 5,080 |
| Publicity and Printing | 43,987 | 20,605 |
| Miscellaneous | 15,709 | 10,838 |
| Total Expenditures | 4,401,470 | 3,919,850 |
| Excess of Revenue (Expenditures) | (195,770) | 633,331 |
| Fund Balance, Beginning of Year | 1,529,603 | 896,272 |
| Fund Balance, End of Year | \$ 1,333,833 | \$ 1,529,603 |

See Notes to Basic 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, 2022

Net Change in Fund Balances - Total Governmental Funds **\$ (195,770)**

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 | \$ 422,685 | |
| Depreciation Expense | <u>(460,262)</u> | (37,577) |

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 of resources related to pensions do not affect current financial resources and are, also, not reported in the Governmental Funds.

| | |
|-----|---------|
| ERS | 273,119 |
|-----|---------|

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 | \$ (20,451) | |
| Other Postemployment Benefits Liability, Net | <u>(378,920)</u> | <u>(399,371)</u> |

Net Change in Net Position of Governmental Activities **\$ (359,599)**

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,

| | 2022 | | |
|--|---|--|---------------------|
| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | Total |
| SUPPORT AND REVENUES | | | |
| Support | | | |
| Contributions | \$ 265,725 | \$ 33,794 | \$ 299,519 |
| Revenues | | | |
| Interest Income | 181 | - | 181 |
| Dividend Income, Net | 5,532 | 3,824 | 9,356 |
| Realized Gain on Sale of Investments | 6,071 | (2,765) | 3,306 |
| Unrealized Gain (Loss) on Investments | (357,596) | (236,169) | (593,765) |
| In-Kind Contributions | - | - | - |
| Paycheck Protection Program Loan Forgiveness | - | - | - |
| Employee Retention Credit | - | - | - |
| Miscellaneous Income | 2,337 | - | 2,337 |
| Net Assets Released From Restrictions | 105,476 | (105,476) | - |
| Total Support and Revenues | 27,726 | (306,792) | (279,066) |
| EXPENSES | | | |
| Program Services | 183,022 | - | 183,022 |
| Management and General | 105,352 | - | 105,352 |
| Fundraising | 68,428 | - | 68,428 |
| Total Expenses | 356,802 | - | 356,802 |
| Change in Net Assets | (329,076) | (306,792) | (635,868) |
| Net Assets, January 1, | 2,374,218 | 1,247,710 | 3,621,928 |
| Net Assets, December 31, | \$ 2,045,142 | \$ 940,918 | \$ 2,986,060 |

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,

| | 2021 | | Total |
|--|--|---|---------------------|
| | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | |
| SUPPORT AND REVENUES | | | |
| Support | | | |
| Contributions | \$ 253,072 | \$ 34,942 | \$ 288,014 |
| Revenues | | | |
| Interest Income | 774 | - | 774 |
| Dividend Income, Net | 8,623 | 3,295 | 11,918 |
| Realized Gain on Sale of Investments | 423,063 | 305,730 | 728,793 |
| Unrealized Gain (Loss) on Investments | (237,129) | (181,303) | (418,432) |
| In-Kind Contributions | 100 | - | 100 |
| Paycheck Protection Program Loan Forgiveness | 79,800 | - | 79,800 |
| Employee Retention Credit | 47,325 | - | 47,325 |
| Marketing Income | - | - | - |
| Net Assets Released From Restrictions | 139,130 | (139,130) | - |
| Total Support and Revenues | 714,758 | 23,534 | 738,292 |
| EXPENSES | | | |
| Program Services | 252,052 | - | 252,052 |
| Management and General | 109,856 | - | 109,856 |
| Fundraising | 105,079 | - | 105,079 |
| Total Expenses | 466,987 | - | 466,987 |
| Change in Net Assets | 247,771 | 23,534 | 271,305 |
| Net Assets, January 1, | 2,126,447 | 1,224,176 | 3,350,623 |
| Net Assets, December 31, | \$ 2,374,218 | \$ 1,247,710 | \$ 3,621,928 |

See Notes to Basic Financial Statements

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

***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 (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing U.S. 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.

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:

- 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. 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, 2022 AND 2021

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

Discretely Presented Component Units - Continued

- **The Tompkins County Library Foundation, Inc.** (the Foundation) is a nonprofit 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. The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

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 Governmental Funds prepared on the modified accrual basis of accounting (Balance Sheets and Statements of Revenues, Expenditures, and Changes in Fund Balance), and 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 statements 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 are 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.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

***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, such as 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.

- 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.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

Equity Classifications - Governmental Fund Balance - Continued

- 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, 2022 AND 2021

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

Leases

The Library determines if an arrangement is or contains a lease at inception. The Library records assets and lease obligations for leases in which they are the lessee, which are initially based on the discounted future minimum lease payments over the term of the lease. The Library used the rate implicit in the lease agreements. In some cases, the implicit rate is not easily determinable, and the Library elects to use its incremental borrowing rate in calculating the present value of lease payments. The Library will recognize short term lease expense for these leases on a straight-line basis over the term of the lease.

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term, including renewals, of 12 months or less, no intangible lease assets or lease obligations are recorded on the Statement of Net Position. The Library's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Amortization expense for leases is recognized based on the amortization schedules and is included in operational expenses. Interest expense is recognized using the effective interest method. Variable payments, short-term rentals, and payments associated with non-lease components are expensed as incurred.

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 based on employment agreements.

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 6 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.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

Capital Assets - Continued

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 |

Accessions and Deaccessions

The Library's accessions consist of photographs, paintings, drawings, sculptures, prints, and memorabilia. As permitted by U.S. GAAP 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 2022 and 2021, 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 86% of total revenue (72% in 2021), with contributions from the Foundation and Friends of the Library representing 4% and 5%, respectively (5% and 5%, respectively, in 2021).

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 U.S. GAAP 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.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

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.

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.

New Accounting Standard

The Library adopted and implemented the following current Statement of the GASB effective for the year ended December 31, 2022:

- GASB Statement No. 87, “Leases.” The Library has evaluated the pronouncement and determined there is no material impact on its financial statements.

Future Changes in Accounting Standards

- GASB has issued Statement No. 96, “Subscription-Based Information Technology Arrangements,” effective for the year ending December 31, 2023.
- GASB has issued Statement No. 101, “Compensated Absences,” effective for the year ending December 31, 2024.

The Library will evaluate the impact these pronouncements may have on its financial statements and will implement as applicable and when material.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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, that are 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 its 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 \$1,323,462 and \$1,502,974 for the years ended December 31, 2022 and 2021, respectively, are either insured or collateralized with securities held by the pledging financial institution in the Library's name.

The Foundation reported cash balances of \$706,019 and \$673,767, with uninsured cash balances in investment accounts of \$24,835 and \$33,874 that are reported as restricted cash, as of December 31, 2022 and 2021, respectively.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 2 **Cash and Investments - Continued**

The Foundation also reported long-term investments of \$2,254,090 and \$2,864,336 as of December 31, 2022 and 2021, respectively, as follows:

| | 2022 | | |
|-----------------------------|--------------|-------------------|---|
| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation (Depreciation)</u> |
| Mutual Funds and Securities | \$ 2,787,012 | \$ 2,254,090 | \$ (532,922) |

| | 2021 | | |
|-----------------------------|--------------|-------------------|---|
| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation (Depreciation)</u> |
| Mutual Funds and Securities | \$ 2,803,494 | \$ 2,864,336 | \$ 60,842 |

Fair Value Measurements

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under generally accepted accounting principles are as follows:

- Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.
- Level 2 - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, directly, or indirectly.
- Level 3 - Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

***Note 2* Cash and Investments - Continued**

Fair Value Measurements - Continued

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unconditional promises to give that will be paid in more than one year are measured in the aggregate using present value techniques that consider the promised cash flows.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets at fair value as of December 31, 2022 and 2021:

| 2022 | | | | |
|---|---------------------|----------------|------------------|---------------------|
| Assets | Level 1 | Level 2 | Level 3 | Total |
| Fixed Income Funds | \$ 454,331 | \$ - | \$ - | \$ 454,331 |
| Domestic Equity Mutual Funds | 1,147,481 | - | - | 1,147,481 |
| Domestic Closed End Equity Mutual Funds | 223,169 | - | - | 223,169 |
| International Equity Mutual Funds | 311,505 | - | - | 311,505 |
| International Closed End Equity Mutual Funds | 117,604 | - | - | 117,604 |
| Unconditional Promises to Give | - | - | 20,000 | 20,000 |
| Total | \$ 2,254,090 | \$ - | \$ 20,000 | \$ 2,274,090 |

| 2021 | | | | |
|--|---------------------|----------------|------------------|---------------------|
| Assets | Level 1 | Level 2 | Level 3 | Total |
| Fixed Income Funds | \$ 783,681 | \$ - | \$ - | \$ 783,681 |
| Domestic Equity Mutual Funds | 1,346,888 | - | - | 1,346,888 |
| Domestic Closed End Equity Mutual Funds | 391,443 | - | - | 391,443 |
| International Equity Mutual Funds | 342,324 | - | - | 342,324 |
| Unconditional Promises to Give | - | - | 43,069 | 43,069 |
| Total | \$ 2,864,336 | \$ - | \$ 43,069 | \$ 2,907,405 |

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 3 Capital Assets

Capital assets consisted of the following at December 31,:

| | 2022 | | | |
|--|--------------------------|--------------------|------------------------------------|--------------------------|
| | Balance at 12/31/2021 | Additions | Retirements & Reclassifications | Balance at 12/31/2022 |
| Historical Cost | | | | |
| Leasehold Improvements | \$ 743,389 | \$ 3,952 | \$ - | \$ 747,341 |
| Equipment | 2,286,882 | 65,222 | (4,430) | 2,347,674 |
| Collection | 6,325,975 | 353,511 | (189,779) | 6,489,707 |
| Total Capital Assets | <u>9,356,246</u> | <u>422,685</u> | <u>(194,209)</u> | <u>9,584,722</u> |
| (Less) Accumulated Depreciation | | | | |
| Leasehold Improvements | (109,294) | (37,167) | | (146,461) |
| Equipment | (1,947,995) | (96,568) | 4,430 | (2,040,133) |
| Collection | (5,567,683) | (326,527) | 189,779 | (5,704,431) |
| Total Accumulated Depreciation | <u>(7,624,972)</u> | <u>(460,262)</u> | <u>194,209</u> | <u>(7,891,025)</u> |
| Total Capital Assets, Net | <u>\$ 1,731,274</u> | <u>\$ (37,577)</u> | <u>\$ -</u> | <u>\$ 1,693,697</u> |
| | | | | |
| | 2021 | | | |
| | Balance at 12/31/2020 | Additions | Retirements & Reclassifications | Balance at 12/31/2021 |
| Historical Cost | | | | |
| Leasehold Improvements | \$ 723,267 | \$ 20,122 | \$ - | \$ 743,389 |
| Equipment | 2,263,044 | 31,095 | (7,257) | 2,286,882 |
| Collection | 6,191,121 | 320,588 | (185,734) | 6,325,975 |
| Total Capital Assets | <u>9,177,432</u> | <u>371,805</u> | <u>(192,991)</u> | <u>9,356,246</u> |
| (Less) Accumulated Depreciation | | | | |
| Leasehold Improvements | (72,326) | (36,968) | - | (109,294) |
| Equipment | (1,841,589) | (112,937) | 6,531 | (1,947,995) |
| Collection | (5,526,796) | (226,621) | 185,734 | (5,567,683) |
| Total Accumulated Depreciation | <u>(7,440,711)</u> | <u>(376,526)</u> | <u>192,265</u> | <u>(7,624,972)</u> |
| Total Capital Assets, Net | <u>\$ 1,736,721</u> | <u>\$ (4,721)</u> | <u>\$ (726)</u> | <u>\$ 1,731,274</u> |

Depreciation expense amounted to \$460,262 and \$376,526 for the years ended December 31, 2022 and 2021, respectively.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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 December 31, 2021 | Additions | Payments | Balance at December 31, 2022 |
| <u><u>\$ 170,468</u></u> | <u><u>\$ 20,451</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 190,919</u></u> |
| | | | |
| Balance at December 31, 2020 | Additions | Payments | Balance at December 31, 2021 |
| <u><u>\$ 189,385</u></u> | <u><u>\$ -</u></u> | <u><u>\$ (18,917)</u></u> | <u><u>\$ 170,468</u></u> |

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, 2022 AND 2021

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

Summary of Significant Accounting Policies

The System's financial statements from which the System's 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 System's 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:

| | 2022 | 2021 | 2020 |
|-----|-------------|-------------|-------------|
| ERS | \$ 192,035 | \$ 292,776 | \$ 295,572 |

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

At December 31, 2022 and 2021, the Library reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for the System. The net pension (asset)/liability was measured as of March 31, 2022 and 2021. The total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The Library's proportionate share of the net pension (asset)/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.

| | 2022 | 2021 |
|--|-------------------------|---------------|
| Actuarial Valuation Date | 04/01/2021 | 04/01/2020 |
| Net Pension (Asset)/Liability | \$ 8,174,585,678 | \$ 99,573,957 |
| Library's Proportionate Share of the | | |
| Plan's Total Net Pension (Asset)/Liability | (582,124) | 7,888 |
| Library's Share of the | | |
| Net Pension (Asset)/Liability | 0.007100% | 0.007900% |

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

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

For the years ended December 31, 2022 and 2021, the Library recognized pension expense of \$82,353 and \$203,723, respectively, for ERS in the financial statements. At December 31, 2022 and 2021, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Deferred Outflows of Resources | | |
| Differences Between Expected and Actual Experience | \$ 44,085 | \$ 96,335 |
| Changes in Assumptions | 971,501 | 1,450,363 |
| Net Differences Between Projected and Actual Earnings on Pension Plan Investments | - | - |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 111,407 | 15,804 |
| Library's Contributions Subsequent to the Measurement Date | 144,026 | 219,582 |
| Total Deferred Outflows of Resources | \$ 1,271,019 | \$ 1,782,084 |
| Deferred Inflows of Resources | | |
| Differences Between Expected and Actual Experience | \$ 57,181 | \$ - |
| Changes of Assumptions | 16,393 | 27,354 |
| Net Differences Between Projected and Actual Earnings on Pension Plan Investments | 1,906,214 | 2,265,921 |
| Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions | 167,175 | 47,860 |
| Total Deferred Inflows of Resources | \$ 2,146,963 | \$ 2,341,135 |

Library contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension (asset)/liability in the year ended December 31, 2023. 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 | Amount |
|-------------------|---------------|
| 2023 | (168,470) |
| 2024 | (230,423) |
| 2025 | (508,056) |
| 2026 | (113,021) |
| Thereafter | - |

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

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:

| | 2022 | 2021 |
|----------------------------|-----------------------|----------------|
| Measurement Date | March 31, 2022 | March 31, 2021 |
| Actuarial Valuation Date | April 1, 2021 | April 1, 2020 |
| Investment Rate of Return | 5.9% | 5.9% |
| Salary Increases | 4.4% | 4.4% |
| Cost of Living Adjustments | 1.4% | 1.4% |
| Inflation Rate | 2.7% | 2.7% |

For 2022 and 2021, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

The actuarial assumptions used in the April 1, 2021 and 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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:

| | 2022 | 2021 |
|--|-----------------------|----------------|
| Measurement Date | March 31, 2022 | March 31, 2021 |
| Asset Type: | | |
| Domestic Equities | 3.3% | 4.1% |
| International Equities | 5.9% | 3.6% |
| Real Estate | 5.0% | 5.0% |
| Private Equity/Alternative Investments | 6.5% | 6.8% |
| Opportunistic Portfolio | 4.1% | 4.5% |
| Real Assets/ARC Portfolio | 5.6% | 6.0% |
| Cash | (1.0%) | 0.5% |
| Credit | 3.8% | 3.6% |

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% and 5.9% in 2022 and 2021, 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.

Sensitivity of the Proportionate Share of the Net Pension (Asset)/Liability to the Discount Rate Assumption

The following presents the Library's proportionate share of the net pension (asset)/liability calculated using the discount rate of 5.9%, as well as what the Library's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current rate:

| 2022 | 1% Decrease (4.9%) | Current Assumption (5.9%) | 1% Increase (6.9%) |
|---|-----------------------------------|--|-----------------------------------|
| Library's Proportionate Share of the Net Pension (Asset)/Liability | \$ 1,498,382 | \$ (582,124) | \$ (2,322,368) |

Pension Plan Fiduciary Net Position

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

| | Dollars in Thousands | Dollars in Thousands |
|---|---------------------------------|---------------------------------|
| | 2022 | 2021 |
| Measurement Date | March 31, 2022 | March 31, 2021 |
| Employers' Total Pension Liability | \$ 223,874,888 | \$ 220,680,157 |
| Plan Net Position | (232,049,473) | (220,580,583) |
| Employers' Net Pension (Asset)/Liability | \$ (8,174,585) | \$ 99,574 |
| Ratio of Plan Net Position to the Employers' Total Pension Liability | 103.7% | 99.9% |

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

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, 2022 and 2021 represent the projected employer contribution for the period of April 1, 2022 through December 31, 2022 and April 1, 2021 through December 31, 2021 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2022 and 2021 amounted to \$-0- and \$-0-.

Current and Prior Year Activity

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

| | 2022 | | |
|--------------------------------|------------------------------|---------------------|---------------------------|
| | Beginning Balance | Change | Ending Balance |
| Net Pension (Asset)/Liability | \$ 7,888 | \$ (590,012) | \$ (582,124) |
| Deferred Outflows of Resources | (1,782,084) | 511,065 | (1,271,019) |
| Deferred Inflows of Resources | 2,341,135 | (194,172) | 2,146,963 |
| Total | \$ 566,939 | \$ (273,119) | \$ 293,820 |
| | 2021 | | |
| | Beginning Balance | Change | Ending Balance |
| Net Pension (Asset)/Liability | \$ 1,918,564 | \$ (1,910,676) | \$ 7,888 |
| Deferred Outflows of Resources | (1,364,659) | (417,425) | (1,782,084) |
| Deferred Onflows of Resources | 73,536 | 2,267,599 | 2,341,135 |
| Total | \$ 627,441 | \$ (60,502) | \$ 566,939 |

Note 6 Other Postemployment Benefits (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.

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.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 6 Other Postemployment Benefits (OPEB) - Continued

General Information About the OPEB Plan - Continued

Employees Covered by Benefit Terms - At December 31, 2022, the following employees were covered by the benefit terms:

| | |
|--|-----------|
| Inactive Employees or Beneficiaries Currently Receiving Benefit Payments | 17 |
| Active Employees Not Fully Eligible for Benefits | 40 |
| Total | 57 |

Total OPEB Liability

The Library’s total OPEB liability of \$5,090,487 was measured as of January 1, 2022 and was determined by an actuarial valuation as of January 1, 2022.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the December 31, 2022 and 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | 2022 | 2021 |
|-----------------------------|------------------------|------------------------|
| Long-Term Bond Rate: | 2.06% | 2.12% |
| Discount Rate | 2.06% | 2.12% |
| Salary Scale | 2.90% | 2.90% |
| Rate of Inflation | 2.50% | 2.40% |
| Marital Assumption | 70.00% | 70.00% |
| Participation Rate | 100.00% | 100.00% |
| Healthcare Cost Trend Rates | 6.0% to 3.94% for 2092 | 6.5% to 3.94% for 2090 |

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

Mortality rates were based on RHP-2014 Mortality Table for Healthy Annuitants, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2021.

Termination and retirement rates are based on the experience under the New York State and Local Retirement System as prepared by the Department of Civil Service’s actuarial consultant in the report titled, “Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 75 Valuation (June 2019).”

Healthcare Cost Trend Rates were based on the SOA Long-Run Medical Cost Trend Model. The SOA Long-Run Medical Cost Trend Model and its baseline projections are based on an econometric analysis of historical US medical expenditures and the judgements of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 6 Other Postemployment Benefits - Continued

Total OPEB Liability - Continued

The actuarial assumptions used in the January 1, 2022 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

| | Total OPEB Liability 2022 | Total OPEB Liability 2021 |
|--|--|--|
| Balance at January 1, | \$ 4,872,115 | \$ 5,329,019 |
| Changes for the Year | | |
| Service Cost | 268,018 | 306,571 |
| Interest Cost | 108,083 | 152,769 |
| Changes of Benefit Terms | - | (1,508,930) |
| Differences Between Expected and Actual Experience | (16,783) | - |
| Changes in Assumptions or Other Inputs | 6,253 | 95,993 |
| Benefit Payments | (147,199) | 496,693 |
| | 218,372 | (456,904) |
| Balance at December 31, | \$ 5,090,487 | \$ 4,872,115 |

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 or higher than the current discount rate:

| | 1% Decrease (1.06%) | Discount Rate (2.06%) | 1% Increase (3.06%) |
|----------------------|--------------------------------|----------------------------------|--------------------------------|
| 2022 | | | |
| Total OPEB Liability | \$ 6,109,685 | \$ 5,090,487 | \$ 4,289,583 |

Changes of assumptions and other inputs reflect a change in the discount rate from 2.12% in 2021 to 2.06% in 2022.

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 or higher than the current healthcare cost trend rate:

| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
|----------------------|--------------------|---------------------------------------|--------------------|
| 2022 | | | |
| Total OPEB Liability | \$ 3,989,438 | \$ 5,090,487 | \$ 6,524,224 |

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 6 Other Postemployment Benefits - Continued

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

For the years ended December 31, 2022 and 2021, the Library recognized OPEB expense of \$421,446 and \$(993,715), respectively.

At December 31, 2022 and 2021, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| 2022 | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences Between Expected and Actual Experience | \$ 152,078 | \$ 229,040 |
| Changes in Assumptions or Other Inputs | 809,091 | 326,772 |
| Contributions Subsequent to Measurement Date | 80,168 | - |
| Total | \$ 1,041,337 | \$ 555,812 |
| | | |
| 2021 | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences Between Expected and Actual Experience | \$ 190,098 | \$ 183,416 |
| Changes in Assumptions or Other Inputs | 987,366 | 431,779 |
| Contributions Subsequent to Measurement Date | 83,804 | - |
| Total | \$ 1,261,268 | \$ 615,195 |

Contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

| Fiscal Year Ending December 31, | Amount |
|--|---------------|
| 2023 | \$ 97,828 |
| 2024 | 97,828 |
| 2025 | 143,827 |
| 2026 | 215,604 |
| 2027 | 104,803 |
| 2028 and Thereafter | (485,525) |

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

Note 6 Other Postemployment Benefits - Continued

Current Year Activity

The following is a summary of current year activity:

| 2022 | Beginning Balance | Change | Ending Balance |
|--------------------------------|------------------------------|-----------------------|---------------------------|
| OPEB Liability | \$ 4,872,115 | \$ 218,372 | \$ 5,090,487 |
| Deferred Outflows of Resources | (1,261,268) | 219,931 | (1,041,337) |
| Deferred Inflows of Resources | 615,195 | (59,383) | 555,812 |
| Total | \$ 4,226,042 | \$ 378,920 | \$ 4,604,962 |
| | | | |
| 2021 | Beginning Balance | Change | Ending Balance |
| OPEB Liability | \$ 5,329,019 | \$ (456,904) | \$ 4,872,115 |
| Deferred Outflows of Resources | (801,074) | (460,194) | (1,261,268) |
| Deferred Inflows of Resources | 775,615 | (160,420) | 615,195 |
| Total | \$ 5,303,560 | \$ (1,077,518) | \$ 4,226,042 |

Note 7 Commitments and Contingencies

Risk Financing and Related Insurance

General Information

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

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

***Note 7* Commitments and Contingencies - Continued**

Risk Financing and Related Insurance - Continued

Health Insurance

The Library participates in an employee health insurance plan, the Greater Tompkins County Municipal Health Insurance Consortium (Consortium). The Consortium was organized in 2010 as an Article 5-G General Municipal Law (GML) municipal corporation to provide health insurance benefits for its member municipalities. The term "Municipal Corporation," as defined by §119-N of the GML, includes a county, city, town, or village. The Plan's general objectives are to formulate, develop, and administer, on behalf of the member participants, an adequate program of insurance in a cost effective manner. Municipalities joining the Plan must remain members for a minimum of three years; a participant may withdraw with written notice prior to October 3 of each Plan year. Municipalities applying for membership in the Plan may do so with two-thirds approval of the Board. Plan underwriting and rate setting policies have been established after consultation with third party administration. Plan members are subject to supplemental assessment in the event of deficiencies. Premium assessments are determined annually, and should assets of the Plan be exhausted, members would be responsible for the Plan's liabilities. Plan membership currently includes 43 municipalities. The Plan uses reinsurance agreements to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the primary liability of the Plan as direct insurer of the risks reinsured.

During the years ended December 31, 2022 and 2021, the Library incurred premiums or contribution expenditures totaling \$638,295 and \$666,704, respectively. Plan financial statements may be obtained from the Greater Tompkins County Municipal Health Insurance Consortium, at 125 East Court Street, Ithaca, New York, 14850.

***Note 8* Paycheck Protection Program Loan**

The Library applied for Paycheck Protection Program loan with the U.S. Small Business Administration through the Tompkins Trust Company in 2021. The Library received \$589,865. The loan was forgiven and recognized as revenue under federal sources in the years received.

***Note 9* 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 10* Related Parties**

The Library received contributions of \$230,000 and \$215,000 from the Friends of the Tompkins County Public Library for the years ended December 31, 2022 and 2021, respectively.

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

***Note 11* Component Unit Transactions**

The Library received contributions of \$149,364 and \$220,620 from the Foundation for the years ended December 31, 2022 and 2021, respectively, which are reported in the financial statements. In addition, the Library received \$776 and \$16,933 in-kind contributions of materials for the years ended December 31, 2022 and 2021, respectively, which are not reflected in the financial statements of the Library.

The County contributed \$3,618,972 and \$3,298,191 to the Library for the years ended December 31, 2022 and 2021, respectively, which are reported in the financial statements. Additionally, for 2022 and 2021, the County provided debt service of \$34,787 and \$35,388, respectively, for serial bond payments on the building occupied by the Library, which are not reflected in the financial statements of the Library.

***Note 12* Deficit Unrestricted Net Position**

Unrestricted net position in the Government-wide Statement of Net Position shows a deficit balance of \$3,755,868 and \$3,433,846 for the years ended December 31, 2022 and 2021, 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.

TOMPKINS COUNTY PUBLIC LIBRARY

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

| | 2022 | | | |
|---------------------------------------|--------------------|--------------------|---------------------|--------------------------|
| | Original Budget | Modified Budget | Actual | Variance Fav.(Unfav.) |
| Revenue | | | | |
| State Sources | \$ 29,011 | \$ 29,011 | \$ 31,330 | \$ 2,319 |
| Federal Sources | - | - | - | - |
| Tompkins County | 3,618,972 | 3,618,972 | 3,618,972 | - |
| City of Ithaca | 17,000 | 17,000 | 17,893 | 893 |
| Town of Ithaca | 15,000 | 15,000 | 15,000 | - |
| Central Library Development Grant | 96,748 | 96,748 | 96,748 | - |
| Friends of TCPL | 230,000 | 230,000 | 230,000 | - |
| TCPL Foundation | 116,765 | 149,363 | 149,364 | 1 |
| Library Charges | 8,000 | 8,000 | 15,764 | 7,764 |
| Use of Money and Property | 1,500 | 1,500 | 5,402 | 3,902 |
| Other Revenue | 10,314 | 26,314 | 25,227 | (1,087) |
| Total Revenue | 4,143,310 | 4,191,908 | 4,205,700 | 13,792 |
| Expenditures | | | | |
| Salaries | 2,091,262 | 2,218,250 | 2,211,845 | 6,405 |
| Fringe Benefits | 460,291 | 438,291 | 432,540 | 5,751 |
| Health Insurance | 765,647 | 715,647 | 714,619 | 1,028 |
| Books | 174,409 | 222,542 | 185,419 | 37,123 |
| Periodicals | 5,650 | 11,340 | 6,411 | 4,929 |
| AV/CD ROM Materials | 143,900 | 189,439 | 165,692 | 23,747 |
| Insurance | 19,418 | 19,418 | 19,417 | 1 |
| Repairs and Maintenance | 65,174 | 69,590 | 55,165 | 14,425 |
| Supplies and Materials | 46,200 | 77,385 | 55,862 | 21,523 |
| Telephone | 21,400 | 23,400 | 17,895 | 5,505 |
| Postage | 7,000 | 7,000 | 3,809 | 3,191 |
| Finger Lakes Library System Services | 65,800 | 65,800 | 65,800 | - |
| Professional Fees | 323,556 | 341,123 | 312,027 | 29,096 |
| Membership Dues | 3,140 | 3,465 | 3,465 | - |
| Equipment | 71,376 | 251,666 | 75,561 | 176,105 |
| Staff Development | 8,885 | 16,480 | 16,247 | 233 |
| Publicity and Printing | 54,547 | 76,524 | 43,987 | 32,537 |
| Miscellaneous | 19,700 | 20,020 | 15,709 | 4,311 |
| Total Expenditures | 4,347,355 | 4,767,380 | 4,401,470 | 365,910 |
| Excess of (Expenditures) Over Revenue | (204,045) | (575,472) | (195,770) | 379,702 |
| Planned Fund Balance | - | - | | - |
| Appropriated Fund Balance | 204,045 | 575,472 | | - |
| Net Change in Fund Balances | \$ - | \$ - | | \$ 379,702 |
| Fund Balance, January 1, | | | 1,529,603 | |
| Fund Balance, December 31, | | | \$ 1,333,833 | |

See Notes to the Required Supplementary Information

TOMPKINS COUNTY PUBLIC LIBRARY

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

| | 2021 | | | |
|---------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------------|
| | <u>Original Budget</u> | <u>Modified Budget</u> | <u>Actual</u> | <u>Variance Fav.(Unfav.)</u> |
| Revenue | | | | |
| State Sources | \$ 23,216 | \$ 51,959 | \$ 53,406 | \$ 1,447 |
| Federal Sources | - | 589,865 | 589,865 | - |
| Tompkins County | 3,298,191 | 3,298,191 | 3,298,191 | - |
| City of Ithaca | 14,700 | 14,700 | 14,650 | (50) |
| Town of Ithaca | 15,000 | 15,000 | 15,000 | - |
| Central Library Development Grant | 77,410 | 111,278 | 116,101 | 4,823 |
| Friends of TCPL | 205,000 | 215,000 | 215,000 | - |
| TCPL Foundation | 231,765 | 220,620 | 220,620 | - |
| Library Charges | 6,000 | 6,000 | 10,744 | 4,744 |
| Use of Money and Property | 2,750 | 2,750 | 1,648 | (1,102) |
| Other Revenue | 10,876 | 20,017 | 17,956 | (2,061) |
| Total Revenue | <u>3,884,908</u> | <u>4,545,380</u> | <u>4,553,181</u> | <u>7,801</u> |
| Expenditures | | | | |
| Salaries | 1,896,416 | 1,952,604 | 1,926,537 | 26,067 |
| Fringe Benefits | 532,673 | 543,683 | 487,398 | 56,285 |
| Health Insurance | 704,566 | 715,979 | 683,039 | 32,940 |
| Books | 181,059 | 205,260 | 169,304 | 35,956 |
| Periodicals | 5,500 | 13,070 | 8,829 | 4,241 |
| AV/CD ROM Materials | 137,400 | 174,252 | 148,884 | 25,368 |
| Insurance | 18,853 | 18,853 | 18,852 | 1 |
| Repairs and Maintenance | 55,164 | 55,164 | 49,554 | 5,610 |
| Supplies and Materials | 45,639 | 55,966 | 43,755 | 12,211 |
| Telephone | 21,350 | 21,350 | 21,180 | 170 |
| Postage | 7,000 | 2,000 | 103 | 1,897 |
| Finger Lakes Library System Services | 65,800 | 65,800 | 65,800 | - |
| Professional Fees | 198,406 | 228,564 | 207,328 | 21,236 |
| Membership Dues | 1,485 | 1,547 | 1,547 | - |
| Equipment | 87,378 | 107,503 | 51,217 | 56,286 |
| Staff Development | 6,000 | 9,760 | 5,080 | 4,680 |
| Publicity and Printing | 32,171 | 36,571 | 20,605 | 15,966 |
| Miscellaneous | 18,700 | 16,463 | 10,838 | 5,625 |
| Total Expenditures | <u>4,015,560</u> | <u>4,224,389</u> | <u>3,919,850</u> | <u>304,539</u> |
| Excess of (Expenditures) Over Revenue | (130,652) | 320,991 | 633,331 | 312,340 |
| Planned Fund Balance | - | (320,991) | | - |
| Appropriated Fund Balance | <u>130,652</u> | <u>-</u> | | <u>-</u> |
| Net Change in Fund Balances | <u>\$ -</u> | <u>\$ -</u> | | <u>\$ 312,340</u> |
| Fund Balance, January 1, | | | <u>896,272</u> | |
| Fund Balance, December 31, | | | <u>\$ 1,529,603</u> | |

See Notes to the Required Supplementary Information

TOMPKINS COUNTY PUBLIC LIBRARY

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

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|---|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually Required Contribution | \$ 192,035 | \$ 292,776 | \$ 295,572 | \$ 277,213 | \$ 264,626 | \$ 260,850 | \$ 303,722 | \$ 288,556 | \$ 320,152 | \$ 265,631 |
| Contributions in Relation to the Contractually Required Contribution | (192,035) | (292,776) | (295,572) | (277,213) | (264,626) | (260,850) | (303,722) | (288,556) | (320,152) | (265,631) |
| Contribution Deficiency (Excess) | - | - | - | - | - | - | - | - | - | - |
| Library's Covered Employee Payroll | 1,842,809 | 1,998,018 | 2,113,882 | 1,956,175 | 1,869,784 | 1,852,253 | 1,798,141 | 1,685,339 | 1,489,640 | 1,532,665 |
| Contributions as a Percentage of Covered Employee Payroll | 10.4% | 14.7% | 14.0% | 14.2% | 14.2% | 14.1% | 16.9% | 17.1% | 21.5% | 17.3% |

See Notes to the Required Supplementary Information

TOMPKINS COUNTY PUBLIC LIBRARY

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

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------------|------------------|--------------|-------------|-------------|-------------|--------------|-------------|
| Library's Proportion of the Net Pension (Asset)/Liability | 0.007100% | 0.007900% | 0.007200% | 0.007100% | 0.007164% | 0.007026% | 0.007281% | 0.006200% |
| Library's Proportionate Share of the Net Pension (Asset)/Liability | \$ (582,124) | \$ 7,888 | \$ 1,918,564 | \$ 501,453 | \$ 231,219 | \$ 660,193 | \$ 1,168,629 | \$ 209,698 |
| Library's Covered Employee Payroll During the Measurement Period | 2,159,019 | 1,944,351 | 2,159,019 | 1,978,472 | 1,889,283 | 1,811,285 | 1,758,709 | 1,465,228 |
| Library's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll | 26.96% | 0.41% | 88.86% | 25.35% | 12.24% | 36.45% | 66.45% | 14.31% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 103.7% | 99.9% | 86.4% | 96.3% | 98.2% | 94.7% | 90.7% | 97.9% |
| The Following is a Summary of Changes of Assumptions: | | | | | | | | |
| Inflation | 2.70% | 2.70% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.70% |
| Salary Increases | 4.40% | 4.40% | 4.20% | 4.20% | 3.80% | 3.80% | 3.80% | 4.90% |
| Cost of Living Adjustments | 1.40% | 1.40% | 1.30% | 1.30% | 1.30% | 1.30% | 1.30% | 1.40% |
| Investment Rate of Return | 5.90% | 5.90% | 6.80% | 7.00% | 7.00% | 7.00% | 7.00% | 7.50% |
| Discount Rate | 5.90% | 5.90% | 6.80% | 7.00% | 7.00% | 7.00% | 7.00% | 7.50% |
| Society of Actuaries' Mortality Scale | MP-2020 | MP-2020 | MP-2018 | MP-2018 | MP-2014 | MP-2014 | MP-2014 | MP-2014 |

*Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.*

See Notes to the 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

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------|-------------|-------------|-------------|
| Total OPEB Liability | | | | | | | | | | |
| Service Cost | \$ 268,018 | \$ 306,571 | \$ 197,899 | \$ 264,105 | \$ 199,381 | \$ * | \$ * | \$ * | \$ * | \$ * |
| Interest Cost | 108,083 | 152,769 | 178,468 | 161,117 | 183,798 | * | * | * | * | * |
| Changes of Benefit Terms | - | (1,508,930) | - | - | - | * | * | * | * | * |
| Differences Between Expected and Actual Experience | (16,783) | - | - | - | (405,068) | * | * | * | * | * |
| Changes in Assumptions or Other Inputs | 6,253 | 95,993 | 913,660 | (598,967) | (152,064) | * | * | * | * | * |
| Benefit Payments | (147,199) | 496,693 | (160,420) | (76,215) | (79,371) | * | * | * | * | * |
| | <u>218,372</u> | (456,904) | 1,129,607 | (249,960) | (253,324) | * | * | * | * | * |
| Total OPEB Liability - Beginning | 4,872,115 | 5,329,019 | 4,199,412 | 4,449,372 | 4,702,696 | * | * | * | * | * |
| Total OPEB Liability - Ending | <u>\$ 5,090,487</u> | <u>\$ 4,872,115</u> | <u>\$ 5,329,019</u> | <u>\$ 4,199,412</u> | <u>\$ 4,449,372</u> | <u>\$ 4,702,696</u> | <u>\$ *</u> | <u>\$ *</u> | <u>\$ *</u> | <u>\$ *</u> |
| Covered Employee Payroll | \$ 2,113,660 | \$ 2,276,818 | \$ 2,362,927 | \$ 2,371,805 | \$ 2,118,028 | \$ * | \$ * | \$ * | \$ * | \$ * |
| Liability as a % of Covered Payroll | 241% | 214% | 226% | 177% | 210% | * | * | * | * | * |
| The Following is a Summary of Changes of Assumptions: | | | | | | | | | | |
| Health Cost Trend Rates | 6.0% to 3.94% | 6.5% to 3.94% | 6.5% to 3.94% | 7.0% to 3.94% | 7.0% to 3.94% | * | * | * | * | * |
| Salary Increases | 2.90% | 2.90% | 2.90% | 2.90% | 2.90% | * | * | * | * | * |
| Inflation Rate | 2.50% | 2.40% | 2.40% | 2.40% | 2.40% | * | * | * | * | * |
| Discount Rate | 2.06% | 2.12% | 2.73% | 4.10% | 3.44% | * | * | * | * | * |
| Society of Actuaries' Mortality Scale | MP-2021 | MP-2019 | MP-2019 | MP-2018 | MP-2018 | * | * | * | * | * |

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

See Notes to the Required Supplementary Information

TOMPKINS COUNTY PUBLIC LIBRARY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2022 AND 2021

Note 1 **Budget Basis of Accounting**

Budgets are adopted annually on a basis consistent with U.S. GAAP. 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 U.S. 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 U.S. GAAP**

No adjustment is necessary to convert the excess of revenues and other sources over expenditures and other uses on the U.S. 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, 2022.



**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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements and have issued our report thereon dated May 31, 2023. 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 not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on 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) as a basis for designing 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.

Report on 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 financial statements. 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
May 31, 2023