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& Company, LLP**

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.
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COUNTY OF TOMPKINS

Ithaca, NY

FINANCIAL REPORT

December 31, 2005

CORTLAND

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COUNTY OF TOMPKINS
FOR THE YEAR ENDED DECEMBER 31, 2005

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INDEPENDENT AUDITOR'S REPORT

County Legislature
County of Tompkins
Ithaca, New York

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tompkins, as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. The financial statements are the responsibility of the County of Tompkins' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tompkins, as of December 31, 2005, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2006 on our consideration of the County of Tompkins' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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The Management's Discussion and Analysis and Budgetary Comparison Schedules for the General, County Road, Transportation, Solid Waste, and Special Grant Funds are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County of Tompkins' basic financial statements. The supplementary information on pages 44 through 45a is presented for purposes of additional analysis and is not a required part of the basic financial statements of the County of Tompkins. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the County of Tompkins. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Kraschi, Dieterhagen, Hittle, Mirkles & Company, LLP".

April 14, 2006
Ithaca, New York

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005

Our discussion and analysis of the County of Tompkins' financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2005. Please read this information in conjunction with the County's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$140,679,411 (net assets). Of this amount, \$33,920,405 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's overall net assets increased by \$11,587,496, or 9.0%, while unrestricted net assets decreased by \$2,415,071, or 6.6%.
- During the year, the County had revenues of \$135,043,304, as compared to \$122,377,562 in 2004. Expenses of \$123,455,808 increased by \$5,981,732, from \$117,474,076 in the prior year.
- Revenues exceeded expenditures in the Governmental Funds by \$13,736,329, bringing fund balances to \$42,796,093 at year end.
- The General Fund recorded an increase of \$1,814,070 in 2005 and ended the year with a fund balance of \$17,449,087. Of this fund balance, \$1,613,843 was reserved for future expenditures, \$3,388,044 was designated to support the 2006 budget, and \$12,447,200 was unreserved and undesignated.
- The County's long-term obligations at year-end totaled \$58,157,792, an increase of \$9,313,790 from 2004 as a result of the debt issued to finance capital projects and the sale of 50% of the County's remaining interest in future tobacco settlement revenues (\$3.8 million).

USING THIS ANNUAL REPORT

This annual report consists of a series of basic financial statements. The Statement of Net Assets and the Statement of Activities (on pages 3 through 5a) provide information about the County as a whole and present a longer-term view of the County's finances. Fund financial statements start on page 6. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the Government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements, the annual report contains other information in the form of combining statements for those funds that are not considered Major Funds and, therefore, are not presented individually in the basic financial statements.

Reporting the County as a Whole

Analysis of the County as a whole begins on page 3, with the Government-wide statements. The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer the question of whether the County, as a whole, is better off or worse off as a result of the year's activities. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the County's net assets and changes in them. The County's net assets, the difference between assets and liabilities, are one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net assets are one indicator of whether its financial health is improving or deteriorating.

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

One needs to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

In the Statement of Net Assets and the Statement of Activities, the County reports:

Governmental Activities: Most of the County's services are reported in this category, including public safety, public health, economic assistance, transportation, and general administration. Property and sales taxes, and state and federal grants finance most of these activities.

Component units: The County includes four separate legal entities in its report - the Tompkins County Public Library, the Tompkins County Industrial Development Agency, the Tompkins County Soil and Water Conservation District, and the Tompkins Tobacco Asset Securitization Corporation (TTASC). The TTASC is reported as a blended component unit with the County's Governmental Activities. The other three component units are reported discretely. Although legally separate, these component units are important because the County is financially accountable for them. Complete financial statements for the Tompkins County Public Library, the Tompkins County Industrial Development Agency, the Tompkins County Soil and Water Conservation District, and TTASC can be obtained from their administrative offices. See Note 1-A-2 to the basic financial statements.

Joint Ventures: The County reports its interest in the equity of two joint ventures - Tompkins Consolidated Area Transit (TCAT), which was formed under a consolidation agreement between the City of Ithaca, Tompkins County and Cornell University, to provide public transportation in Tompkins County and surrounding areas, and the Tompkins Cortland Community College, a joint venture between Tompkins and Cortland Counties. Complete financial statements for these entities can be obtained from their administrative offices.

Reporting the County's Most Significant Funds

Fund Financial Statements

Analysis of the County's Major Funds begins on page 6. The fund financial statements provide detailed information about the most significant funds - not the County as a whole. Some funds are required to be established by State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants. The County's two kinds of funds - Governmental and Proprietary - use different accounting approaches.

Governmental Funds: All of the County's services are reported in the Governmental Funds which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting* which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The relationship (or differences) between Governmental *Activities* (reported in the Government-wide statements) and Governmental *Funds* is explained in a reconciliation following the fund financial statements.

Proprietary Funds: When the County charges customers for the services it provides - whether to outside customers or to other units of the County - these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. Internal Service Funds (a component of Proprietary Funds) are used to report activities that provide supplies and services for the County's other programs and activities such as the administration of workers' compensation obligations and self insurance program for general liability.

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

The County as Trustee: The County is the trustee, or fiduciary, for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the County's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 13. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE COUNTY AS A WHOLE

The County's net assets for fiscal year ended December 31, 2005 increased \$11,587,496, from \$129,091,915 to \$140,679,411. In contrast, last year net assets increased by \$4,903,486.

The largest portion of the County's net assets of \$95,411,012 (67.8%) reflects its investment in capital assets (e.g. land, buildings, machinery & equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net assets of \$11,347,994 (8.0%) represents resources that are subject to external restrictions on how they may be used and are reported as restricted net assets. These net assets consist of unspent funds that are restricted for community development and debt service.

The remaining category of total net assets, unrestricted net assets of \$33,920,405 (24.2%) may be used to meet the government's ongoing obligations and services to creditors and citizens. Of these net assets, the County has appropriated \$3,441,144 for 2006 expenses and designated another \$22,481,956 for specific purposes.

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

Figure 1 - Net Assets

	Governmental Activities		Percent Change
	2004 Reclassified	2005	2004 - 2005
<i>Current assets-County</i>	\$ 36,542,671	\$ 41,646,867	14.0%
<i>Assets - TTASC</i>	1,621,691	1,729,665	6.7%
<i>Capital assets, net</i>	124,456,775	131,876,688	6.0%
<i>Other noncurrent assets-County</i>	28,136,214	37,871,259	34.6%
Total Assets	190,757,351	213,124,479	11.7%
<i>Current liabilities - County</i>	22,338,793	28,493,398	27.6%
<i>Current liabilities - TTASC</i>	139,291	151,048	8.4%
<i>Noncurrent liabilities - County</i>	32,105,649	33,102,048	3.1%
<i>Noncurrent liabilities - TTASC</i>	7,081,703	10,698,574	51.1%
Total Liabilities	61,665,436	72,445,068	17.5%
<i>Invested in capital assets, net of debt</i>	85,672,151	95,411,012	11.4%
<i>Restricted</i>	7,084,288	11,347,994	60.2%
<i>Unrestricted</i>	36,335,476	33,920,405	(6.6)%
Total Net Assets	\$ 129,091,915	\$ 140,679,411	9.0%

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

The County's total revenues increased by 10.3%, while the total cost of all programs and services increased by 5.1%, with no substantive program realignments implemented during the year. Our analysis in Figure 2 separately considers the operations of Governmental Activities.

Figure 2 - Changes in Net Assets

	<i>Governmental Activities</i>		<i>Percent Change</i>
	<i>2004</i>	<i>2005</i>	<i>2004 - 2005</i>
REVENUES			
<i>Program Revenues:</i>			
Charges for services	\$ 18,695,445	\$ 19,868,525	6.3%
Operating grants	36,788,005	39,124,965	6.4%
Capital grants	3,699,133	8,158,876	120.6%
<i>General Revenues:</i>			
Property taxes and tax items	29,540,700	31,282,491	5.9%
Sales and other taxes	30,354,477	31,824,150	4.8%
Tobacco settlement-County	681,921	634,658	(6.9)%
Tobacco settlement-TTASC	681,921	634,658	(6.9)%
Unrestricted grants	260,914	36,940	(85.8)%
Use of money and property	1,997,481	2,785,661	39.5%
Change in equity interest in joint ventures	(904,805)	46,990	(105.2)%
Other	582,370	645,390	10.8%
Total Revenues	122,377,562	135,043,304	10.3%
PROGRAM EXPENSES			
General government	12,692,812	13,450,521	6.0%
Education	5,778,275	6,909,422	19.6%
Public safety	13,242,940	13,660,520	3.2%
Public health	15,776,950	16,249,333	3.0%
Transportation	14,539,975	15,530,959	6.8%
Economic assistance and opportunity	44,036,595	45,286,115	2.8%
Culture and recreation	4,096,563	4,371,955	6.7%
Home and community	5,415,166	5,876,198	8.5%
Interest on long-term debt	1,894,800	2,120,785	11.9%
Total Expenses	117,474,076	123,455,808	5.1%
INCREASE IN NET ASSETS	\$ 4,903,486	\$ 11,587,496	136.3%

In 2005, net assets increased by \$11.6 million as a result of a variety of positive factors. Revenues grew by \$12.7 million or 10.3%, as compared to growth in expenses of \$6 million or 5.1%.

Contributing factors on the income side included a \$4 million increase in capital grants for airport and highway improvements. A \$2.4 million increase in operating grants was primarily for social service programs. Sales and property tax items grew by \$3.2 million as a result of the stable economic base of the County. Charges for services increased by \$1.2 million primarily as a result of increased fee rates and insurance billings for health programs. Use of money and property increased by 39.5% or \$0.8 million primarily because of a rising interest rate environment. Also contributing to the growth in net assets was a \$950,000 shift in the County's equity interest in joint ventures.

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

Figures 3 and 4 show in percentages the sources of revenues for 2005 and 2004.

Figure 3 - Revenue by Source
Governmental Activities
2005

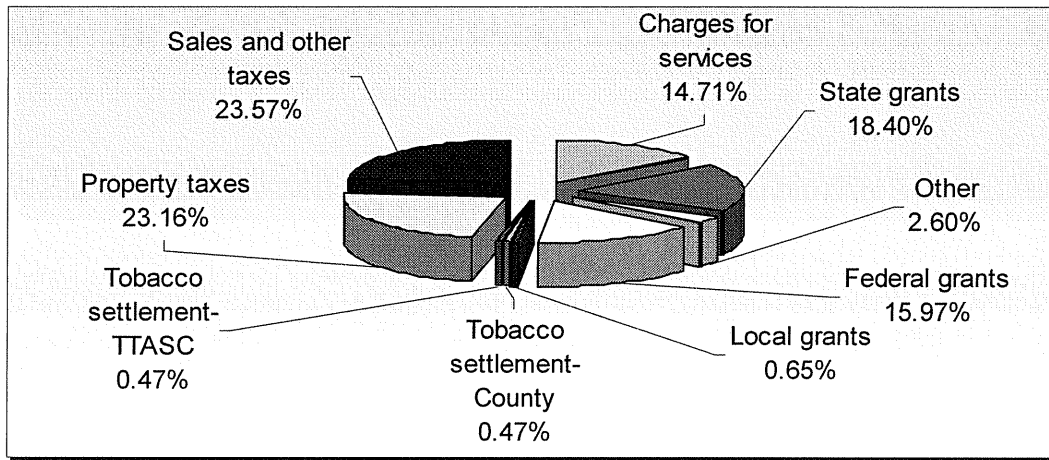
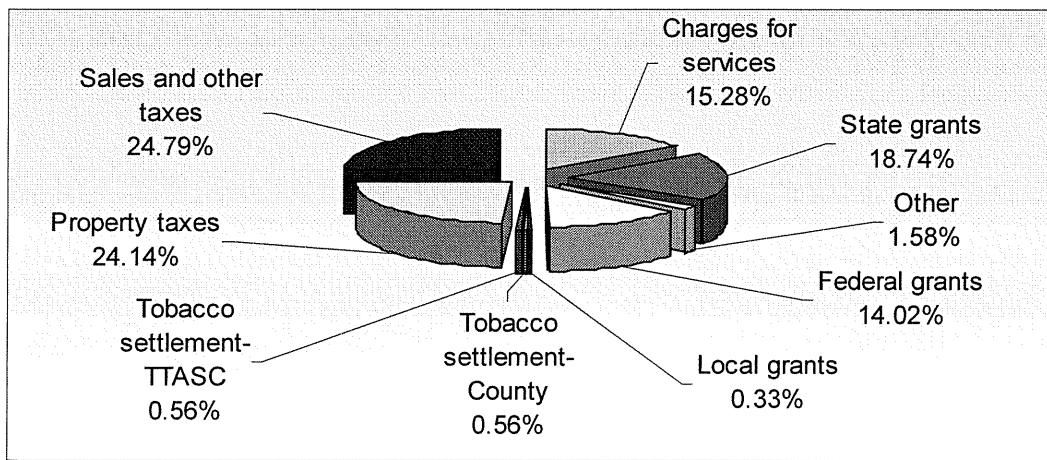


Figure 4 - Revenue by Source
Governmental Activities
2004



The cost of all Governmental Activities this year was \$123,455,808. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County property and other tax revenues was \$56,303,442, because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. Overall, the County's governmental program revenues were \$67,152,366. The County paid for the remaining "public benefit" portion of Governmental Activities with \$67,890,938 in taxes and with other revenues, such as interest and general entitlements.

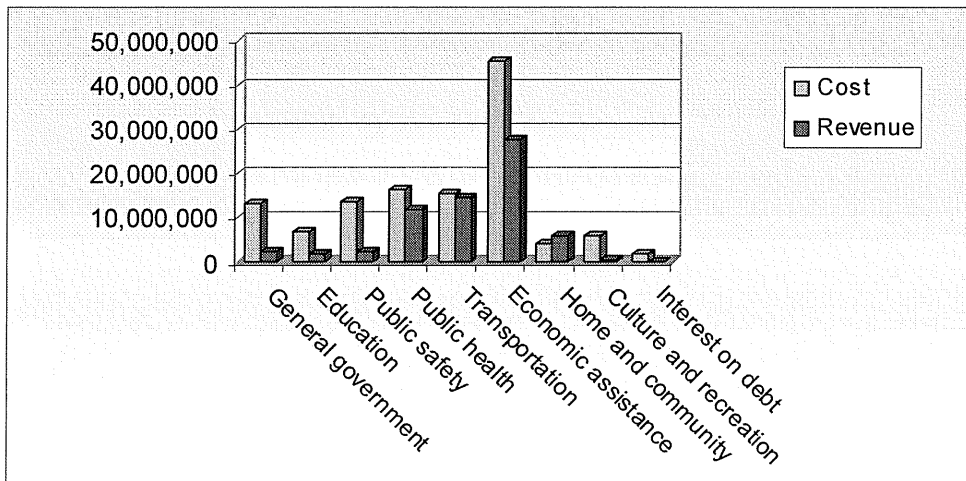
COUNTY OF TOMPKINS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

A comparison of Program Expenses, outlined in Figure 2, highlights the following: General government program activities reflect an increase of \$757,000 or 6.0% primarily as a result of contractual salary adjustments and increased energy costs. Education expenses increased by \$1 million or 19.6% because of services for pre-school handicapped children. Public Safety reflected an increase in expenses of approximately \$0.4 million, or 3.2%; increases were reflected in Jail operations for boarding out prisoners because of housing limits, and for legal defense of indigents. Public Health reflected an increase of \$472,000 or 3% largely as a result of increased salaries and benefits.

Program expenses for Transportation were up by \$991,000 or 6.8% because of contractual salary adjustments and increased funding for road and bridge projects. Economic assistance and opportunity expenses increased by \$1.2 million or 2.8% largely as a result of the Medicaid program, employee benefit charges and other social service programs. Culture and recreation activities reflected an increase of \$275,000 or 6.7% primarily as a result of increased support for library services. Home and community activities were up by \$461,000 or 8.5% because of the solid waste program, and contractual salary adjustments. Interest on long-term debt was up by \$226,000 or 11.9%, largely as the result of increased principal payments, and interest rates on maturing Bond Anticipation Notes.

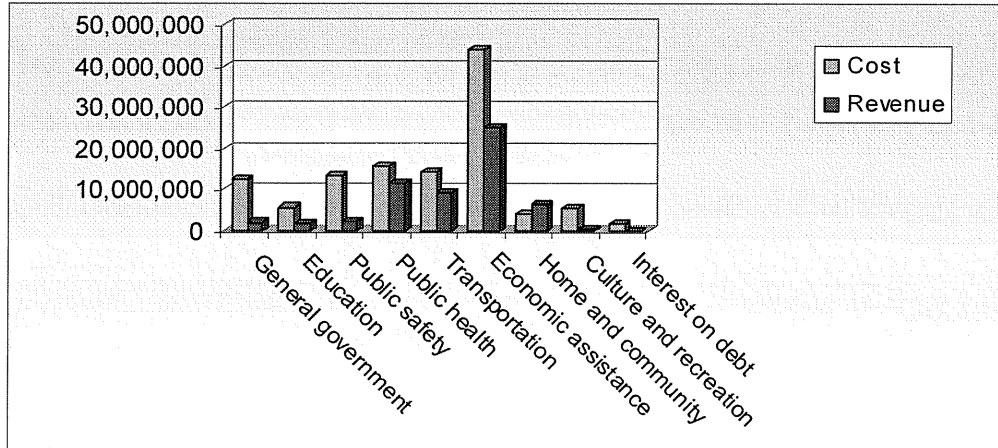
The total cost versus revenue generated by activities for the County's largest programs is presented below. The difference between the cost and revenue shows the relative financial burden that was placed on the County's taxpayers by each of these functions.

**Figure 5 - Net Program Cost
Governmental Activities
2005**



COUNTY OF TOMPKINS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2005

**Figure 6 - Net Program Cost
 Governmental Activities
 2004**



THE COUNTY'S FUNDS

As the County completed the year, its Governmental Funds, as presented in the balance sheets on pages 6 – 6a, reported a combined fund balance of \$42,796,093, which is higher than last year's total, largely due to the proceeds of debt issued to fund capital projects. Of this amount, \$4,289,167 is reserved for future expenditures and \$3,441,144 is designated for 2006 expenditures, leaving \$35,065,782 in unreserved and undesignated fund balances. However, of these fund balances \$17,595,399 is to be used for capital projects. Figure 7 shows the changes in fund balance for the County's Governmental Funds.

**Figure 7 - Governmental Funds
 Fund Balance at Years Ended**

	2004	2005	Dollar Change
Major Funds:			
General Fund	\$ 15,635,017	\$ 17,449,087	\$ 1,814,070
County Road Fund	903,543	1,525,627	622,084
Transportation (Airport) Fund	301,513	264,527	(36,986)
Solid Waste Fund	1,412,919	1,614,107	201,188
Special Grant Fund	874,153	990,452	116,299
Debt Service Fund	560,209	1,373,283	813,074
Non-Major Funds:			
Road Machinery Fund	209,124	424,693	215,569
TCAT Capital Project Fund	119,020	208,744	89,724
General Government Capital Project Fund	3,178,318	3,371,458	193,140
Transportation Capital Project Fund	158,332	(419,274)	(577,606)
Public Safety Capital Project Fund	2,886,928	9,456,552	6,569,624
Home and Community Service Capital Project Fund	1,097,829	1,112,825	14,996
Public Health Capital Project Fund	185,850	185,850	-0-
Education Capital Project Fund	34	3,679,244	3,679,210
TTASC Debt Service Fund	1,536,975	1,558,918	21,943
Totals	\$ 29,059,764	\$ 42,796,093	\$ 13,736,329

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

This year's total change in fund balance of \$13,736,329 is an increase of 47.3%, compared to a \$2,750,487 increase (11.0%) in 2004. Of the major operating funds, the General Fund increased by \$1.8 million, or 12.5%. The General Fund's operation surplus was the result of effective budget management complemented by sales tax and interest earnings exceeding estimates. The Road Fund's operating surplus increased substantially from \$903,543 to \$1,525,627, because revenues exceeded expenses by \$620,000. Certain road work programmed for 2005 was delayed because of untimely delivery of equipment. The Solid Waste Fund increased by \$201,188 or 14.2% as a result of sale of recycling materials exceeding estimates. The Special Grant Fund increased by \$116,299 or 13.3% largely the result of the cyclical nature of grant funding and loan repayments. The Debt Service Fund increased by \$813,074 or 145.1% because of a one time transfer of unexpended bond proceeds. The transferred funds will be utilized for debt retirement in 2006. The Airport Fund operations declined by (\$36,986) or (12.3%). The Airport Fund financial decline can be attributable to the necessity of writing off certain income because of airline bankruptcy. The fund balances in listed capital projects vary and are dependent on grant reimbursements, financing completion, and status of project completion.

General Fund Budgetary Highlights

Over the course of the year, the County Legislature revised the County budget several times. These budget amendments consist of budget transfers between functions, which do not increase the overall budget. In addition to these transfers, the County Legislature increased the overall budget to provide for unspent appropriations from the previous year (encumbrances) and various grants where the majority of the funding came from federal and state sources.

**Figure 8 - Budgetary Comparison Schedule - General Fund
December 31, 2005**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Variance Fav.-(Unfav.)</i>
REVENUES				
<i>Real property taxes and tax items</i>	\$ 31,260,560	\$ 31,265,698	\$ 31,324,260	\$ 58,562
<i>Nonproperty tax items</i>	30,259,805	30,479,469	31,824,150	1,344,681
<i>Departmental income</i>	10,549,322	11,143,025	10,767,222	(375,803)
<i>Fines and forfeitures</i>	200,300	248,300	263,250	14,950
<i>Use of money and property</i>	643,301	653,105	1,133,723	480,618
<i>Miscellaneous local sources</i>	1,695,669	1,862,356	1,205,246	(657,110)
<i>Sale of property and compensation for loss</i>	600,000	616,446	768,292	151,846
<i>State sources</i>	23,211,560	24,270,378	22,746,478	(1,523,900)
<i>Federal sources</i>	12,617,649	13,541,393	14,223,172	681,779
<i>Other</i>	776,903	784,271	682,070	(102,201)
Total Revenues and Other Financing Sources	\$ 111,815,069	\$ 114,864,441	\$ 114,937,863	\$ 73,422
Appropriated Fund Balance	\$ 2,883,364	\$ 4,626,425	\$ -0-	\$ -0-

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

Figure 8 - Budgetary Comparison Schedule - General Fund (Continued)
December 31, 2005

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Variance Fav.-(Unfav.)</i>
EXPENDITURES				
<i>General government</i>	12,970,837	13,866,674	13,173,790	692,884
<i>Education</i>	5,807,392	6,274,255	6,274,255	-0-
<i>Public safety</i>	12,694,010	13,892,654	13,392,713	499,941
<i>Public health</i>	16,755,386	16,889,436	15,918,842	970,594
<i>Transportation</i>	4,319,929	4,774,707	4,626,447	148,260
<i>Economic assistance and opportunity</i>	46,608,866	46,504,130	44,029,161	2,474,969
<i>Culture and recreation</i>	3,843,404	4,049,171	4,046,738	2,433
<i>Home and community</i>	1,331,190	1,510,769	1,330,732	180,037
<i>Employee benefits</i>	-0-	603,793	603,693	100
<i>Other financing uses</i>	10,367,419	11,125,277	10,802,048	323,229
<i>Total Expenditures and Other Financing Uses</i>	\$ 114,698,433	\$ 119,490,866	\$ 114,198,419	\$ 5,292,447
<i>Excess of (Expenditures) and Other Financing Sources (Uses)</i>	\$ -0-	\$ -0-	\$ 739,444	\$ 5,365,869

Even with these adjustments, the actual charges to appropriations (expenditures) were below the final budget amounts. The most significant positive variance occurred within economic assistance and opportunity, as the social services budget reflected unexpended balances of \$855,000 in Foster Care, \$238,000 for Family Assistance, \$550,000 in Purchase of Services, and \$567,000 in Administration. Public Health expenditures balances were mostly in Mental Health programs. There were \$490,000 of allocations for contract providers and \$367,000 for Mental Health programs which were not released because of funding limitations. In general government, unexpended balances primarily reflect decisions by departmental managers to defer activities. The largest balances in this area were Personnel with \$105,000, Elections with \$77,000 and County Administration with \$53,000. Public Safety balances were reflective of \$250,000 of unexpended Grant Funds in Emergency Response and other balances of \$160,000 in Sheriff and \$90,000 in Probation. Home and Community Services unexpended appropriations reflect deferral of activities in the Planning department.

Revenues appropriated to support operations were \$73,422 above budget; however, at year end substantial adjustments were made to offset expenditures above estimates. A total of \$1,759,781 of such adjustments were made to offset expenditures. The 2005 revenue activity was consistent with prior year trends where non-property tax items (sales and hotel taxes) provided offsets against shortfalls for unpredictable sources such as State aid.

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2005, the County had \$131,876,688, net of accumulated depreciation of \$78,505,014, invested in a broad range of capital assets, including buildings, machinery and equipment, roads and bridges. This amount represents a net increase (including additions and deductions) of \$7,419,913 over last year.

Figure 9 - Capital Assets, Net of Depreciation

	Governmental Activities		Percent Change
	2004	2005	2004 - 2005
Land	\$ 7,035,114	\$ 7,040,814	0.1%
Construction in progress	74,347	1,008,174	1,256.0%
Buildings and improvements	50,193,737	50,505,866	0.6%
Equipment	4,160,470	5,586,165	34.3%
Infrastructure	62,993,107	67,735,669	7.5%
Totals	\$ 124,456,775	\$ 131,876,688	6.0%

This year's additions consisted of:

Land and construction in progress	\$ 939,527
Buildings and building improvements	2,614,981
Machinery and equipment	1,917,524
Infrastructure	<u>7,692,814</u>
Total Additions	13,164,846
Less depreciation expense	<u>(5,744,933)</u>
Change in Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,419,913</u>

Debt Administration

Total long-term liabilities increased in 2005 by \$9,313,790, as shown in Figure 10. Of this amount, \$38,190,000 was subject to the constitutional debt limit and represented 13% of the County's statutory debt limit. Tobacco settlement pass-through bonds are debt of the Tompkins Tobacco Asset Securitization Corporation (TTASC), under which 50% of the County's future tobacco settlement proceeds were securitized. The County is not responsible for this debt in the event that the TTASC were to default in repayment of the bonds.

Figure 10 - Outstanding Debt at Years Ended

	Governmental Activities		Dollar Change
	2004	2005	2004 - 2005
Serial bonds	\$ 31,743,696	\$ 32,480,455	\$ 736,759
Bond Anticipation Note payable	6,552,750	11,195,000	4,642,250
Rental commitments	122,520	51,652	(70,868)
Compensated absences	2,704,042	2,780,751	76,709
Workers' compensation claims	500,000	800,312	300,312
Tobacco settlement pass-through bonds	7,220,994	10,849,622	3,628,628
Totals	\$ 48,844,002	\$ 58,157,792	\$ 9,313,790

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

The County's Moody's bond rating is Aa2, and was reaffirmed in February 2006 in conjunction with a bond issue in the amount of \$7,020,000. The County anticipates increase in bonded indebtedness in the coming years as projects in the capital improvement program are authorized. More detailed information about the County's long-term liabilities is presented in Note 2-B-2 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Tompkins County will continue to be challenged by structural imbalance created by the growth in mandated programs, infrastructure needs, and employee benefit costs. In past years, this structural imbalance was resolved by increasing reliance on the property tax to sustain operations. This reliance resulted in tax rates increasing from \$5.45 per thousand to \$7.49 over a five-year period. During this same period, rising property valuations also accompanied rising tax rates, resulting in public sentiment to control the property tax burden.

The County Legislature in response to public sentiment on the property tax burden adopted a budget strategy to limit the growth in the tax levy by establishing a tax levy growth target prior to deliberations on the budget. As a result of this policy, the reliance on the property tax to support operations has stabilized, and actual tax rates have declined from \$7.49 per thousand in 2004, to \$6.61 in 2006. Additionally, commencing in 2006, the County is changing the cycle of property valuation from annual maintenance of 100% equalized value to a triennial system. This change is intended to reduce volatility due to rising real estate market conditions. This change will result in a moderation in the rate growth in assessed valuations in the short-term. As an example, valuations increased from \$4.6 billion to \$5 billion for the 2005 tax roll, however, in 2006, which is the first year of the triennial cycle, the tax roll value will increase from \$5 to \$5.1 billion.

Because of the aforementioned pressures on the real property tax, the County is becoming more dependent on the sales tax. Economic conditions within the County remain stable and are the envy of surrounding areas. Sales tax revenues have consistently exceeded estimates over the past five years. In 2005, the sales tax exceeded the budget estimate by \$1.4 million. A significant amount of new retail business has opened in 2005, and is apparent that projections for recapture of business which was occurring outside the County were accurate.

The employment base of the County remains anchored by higher education, and employment levels are projected to remain stable. The County has been the beneficiary of new business resulting from academic research. This pattern of business creation is expected to continue.

There are substantial changes that could impact future operations. For example, the County is dependent to a significant extent of State and Federal funding of many mandated and essential services. Recent trends suggest that State and Federal retrenchment and reduction in financial assistance is likely. During the 2005 NYS legislative session, amendments to the Medicaid program were enacted which are now providing fiscal relief by limiting the County's exposure to growth in Medicaid expenses.

The Ithaca Tompkins Regional Airport (Transportation Fund) has been self-sufficient in funding its operations. Over the past two years there has been deterioration in financial position and an operating subsidy might be required in the future. During 2005, the terminal lease with the major airline carrier was extended on favorable terms, however, it will likely be renegotiated in 2006. Because of changing market conditions in the airline industry it is uncertain whether future terminal leases will be renewed at current levels. The County was successful in attracting a second carrier, Northwest Airlines. However, because of inducements (waived landing fees for twelve (12) months), the increased service has not yet directly contributed to financial position.

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

In 2005, Tompkins Consolidated Transit (TCAT) began operations as a not-for-profit corporation, TCAT, Inc. The change in the legal structure has resulted in liquidity problems; primarily the result of under capitalization at the time of start up of the new entity. Tompkins County, as one of the three partners (along with Cornell University and the City of Ithaca) will likely be confronted with increasing demands to provide for capitalization of an operating reserve to provide financial stability for the new entity. Additionally, rising fuel prices present a significant financial challenge to operations.

Another significant challenge will be managing the financing of infrastructure replacement in order to minimize spikes in tax rates. The capital improvement program reflects the potential that indebtedness could double within the next five years. The County has begun replacing its public safety communication infrastructure. The build out of this system during the next three years will require \$16 million of new debt. The Community College has commenced a campus expansion that obligates the County for approximately \$7.6 million of improvements. The County Health Department and the County Jail facilities are approaching the end of their useful lives and will require expansion or replacement within the five-year plan. It has also recognized that the road and bridge network requires additional investment. A capital program has been approved to address the inventory of deficit paving conditions by an annual investment of \$1,600,000 for the next five years. During 2005, an additional crew and equipment was added to the Highway Department specifically for the aforementioned capital project.

Finally, the County will be subject to the GASB 45 requirement of valuation of postemployment benefits. During 2006, an actuary will be engaged to assist in this project. The County recognizes that postemployment benefits will become a significant cost in future years if current practices remain in effect.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about the report or need any additional financial information, contact the Finance Director, Tompkins County, 125 East Court Street, Ithaca, New York 14850.

COUNTY OF TOMPKINS
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

	Primary	Component Units		
	Governmental Activities	Tompkins County Public Library	Industrial Development Agency	Soil and Water Conservation District
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 19,759,940	\$ 395,274	\$ 624,686	\$ 831,472
Restricted cash	2,161,357			
Investments				
Taxes receivable, net	4,590,051			
Accounts receivable, net	4,909,281	293,278	267,317	18,857
Loans receivable - Current portion	480,000			
Due from state and federal governments	9,384,796			
Due from other governments	25,331			
Securities and mortgages	320,000			
Balances between primary government and component units				
Prepaid expenses	920,576			
Inventories				
Total Current Assets	<u>42,551,332</u>	<u>688,552</u>	<u>892,003</u>	<u>850,329</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	18,896,623			
Accounts receivable in more than one year		120,299	172,336	
Loans receivable - Long-term portion	3,299,174			
Securities and mortgages	2,786,950	821,075		
Unamortized bond issue costs	167,302			
Equity interest in joint ventures	13,546,410			
Capital assets - Land and construction in progress	8,048,988			
Capital assets - Depreciable, net of accumulated depreciation	123,827,700	712,501		85,159
Total Noncurrent Assets	<u>170,573,147</u>	<u>1,653,875</u>	<u>172,336</u>	<u>85,159</u>
Total Assets	<u>213,124,479</u>	<u>2,342,427</u>	<u>1,064,339</u>	<u>935,488</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	5,722,432	282,971	2,000	
Accrued liabilities	1,627,539	62,834		3,203
Notes payable				
Interest payable	561,338			
Due to other governments	2,726,927		99,848	
Due to employees' retirement system				17,699
Compensated absences		98,353		15,600
Retained percentages	299,619			
Overpayments				
Deferred revenue	3,280,042			842,876
Other	69,379			
Long-term obligations due within one year - County	14,206,122			
Long-term obligations due within one year - TTASC	151,048			
Total Current Liabilities	<u>28,644,446</u>	<u>444,158</u>	<u>101,848</u>	<u>879,378</u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
STATEMENT OF NET ASSETS
(CONTINUED)
DECEMBER 31, 2005

	Primary Government	Component Units		
	Governmental Activities	Tompkins County Public Library	Industrial Development Agency	Soil and Water Conservation District
Total current liabilities carried forward	\$ 28,644,446	\$ 444,158	\$ 101,848	\$ 879,378
Noncurrent Liabilities:				
Long-term obligations due after one year - County	33,102,048	_____	_____	_____
Long-term obligations due after one year - TTASC	10,698,574	_____	_____	_____
Total Noncurrent Liabilities	43,800,622	-0-	-0-	-0-
Total Liabilities	72,445,068	444,158	101,848	879,378
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	95,411,012	712,501	_____	85,159
Restricted for:				
Community development	4,769,626	_____	_____	_____
Public safety	149,733	_____	_____	_____
Economic assistance and opportunity	389,484	_____	_____	_____
Library - Expendable	_____	277,203	_____	_____
Debt	6,039,151	_____	_____	_____
Library - Nonexpendable	_____	386,492	_____	_____
Total Restricted Net Assets	11,347,994	663,695	-0-	-0-
Unrestricted	33,920,405	522,073	962,491	(29,049)
Total Net Assets	\$ 140,679,411	\$ 1,898,269	\$ 962,491	\$ 56,110

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

<u>FUNCTIONS/PROGRAMS</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Government Activities:				
General governmental support	\$ 13,450,521	\$ 1,565,959	\$ 677,267	\$
Education	6,909,422	315,244	1,553,082	
Public safety	13,660,520	646,199	1,636,682	
Health	16,249,333	5,765,791	6,158,191	
Transportation	15,530,959	2,985,317	3,361,839	8,158,876
Economic assistance and opportunity	45,286,115	2,860,069	24,725,099	
Culture and recreation	4,371,955	181,990	382,944	
Home and community services	5,876,198	5,547,956	629,861	
Interest on debt-County	1,627,603			
Interest on debt-TASC	493,182			
Total Governmental Activities	\$ 123,455,808	\$ 19,868,525	\$ 39,124,965	\$ 8,158,876
Component Units:				
Tompkins County Public Library	\$ 3,493,220	\$ 114,972	\$ 3,165,136	\$
Industrial Development Agency	350,534	244,373		
Soil and Water Conservation	807,393	67,316	687,620	
Total Component Units	\$ 4,651,147	\$ 426,661	\$ 3,852,756	\$ -0-

Net (Expense) Revenue and Changes in Net Assets brought forward

GENERAL REVENUES

Taxes:
 Property taxes, levied for general purposes
 Property tax items
 Sales and other taxes
 Tobacco settlement payments - County
 Tobacco settlement payments - TTASC
 Grants and contributions not restricted to
 specific programs
 Use of money and property
 Miscellaneous
 Sale of property and compensation for loss
 Change in equity in joint ventures
 Total General Revenues

Change in Net Assets

Net Assets - Beginning of Year, Restated

Net Assets - End of Year

See Independent Auditor's Report and Notes to Financial Statements

Net (Expense) Revenue and
Changes in Net Assets

Primary Government	Component Units		
Total Governmental Activities	Tompkins County Public Library	Industrial Development Agency	Soil and Water Conservation District
\$ (11,207,295)	\$ _____	\$ _____	\$ _____
(5,041,096)	_____	_____	_____
(11,377,639)	_____	_____	_____
(4,325,351)	_____	_____	_____
(1,024,927)	_____	_____	_____
(17,700,947)	_____	_____	_____
(3,807,021)	_____	_____	_____
301,619	_____	_____	_____
(1,627,603)	_____	_____	_____
(493,182)	_____	_____	_____
(56,303,442)	-0-	-0-	-0-
_____	(213,112)	_____	_____
_____	_____	(106,161)	_____
_____	_____	_____	(52,457)
-0-	(213,112)	(106,161)	(52,457)
(56,303,442)	(213,112)	(106,161)	(52,457)
30,165,698	_____	_____	_____
1,116,793	_____	_____	_____
31,824,150	_____	_____	_____
634,658	_____	_____	_____
634,658	_____	_____	_____
36,940	_____	_____	_____
2,785,661	71,777	15,941	3,705
469,802	20,345	_____	5,924
175,588	_____	_____	_____
46,990	_____	_____	_____
67,890,938	92,122	15,941	9,629
11,587,496	(120,990)	(90,220)	(42,828)
129,091,915	2,019,259	1,052,711	98,938
\$ <u>140,679,411</u>	\$ <u>1,898,269</u>	\$ <u>962,491</u>	\$ <u>56,110</u>

COUNTY OF TOMPKINS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	Major Funds		
	General Fund	Special Revenue Funds	
		County Road Fund	Transportation Fund
<u>ASSETS</u>			
Assets:			
Cash and cash equivalents - Unrestricted	\$ 13,638,002	\$ 1,171,901	\$ 106,675
- Restricted	539,217		121,900
Taxes receivable, net	4,590,051		
Due from other funds	383,768	889,499	137,016
Due from state and federal governments	8,251,014	28,269	
Due from other governments	25,331		50,000
Other receivables, net	3,777,922	8,168	348,523
Prepaid expenses	824,270	44,404	16,795
Securities and mortgages			
Loans receivable			
Total Assets	\$ 32,029,575	\$ 2,142,241	\$ 780,909
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 4,495,750	\$ 116,017	\$ 120,816
Accrued liabilities	1,394,330	137,145	42,983
Due to other funds	907,872	363,452	327,583
Due to other governments	2,726,927		
Other liabilities	44,379		25,000
Deferred revenues	5,011,230		
Total Liabilities	14,580,488	616,614	516,382
Fund Balances:			
Fund Balances - Reserved:			
Encumbrances	1,074,626	659,557	6,877
Repairs and replacements			121,900
Miscellaneous reserve	539,217		
Debt			
Total Reserved	1,613,843	659,557	128,777
Fund Balances - Unreserved			
Appropriated, Reported in:			
General Fund	3,388,044		
Special Revenue Funds			53,100
Fund Balances - Unreserved			
Unappropriated, Reported in:			
General Fund	12,447,200		
Special Revenue Funds		866,070	82,650
Capital Projects Funds			
Debt Service Funds			
Total Unreserved	15,835,244	866,070	135,750
Total Fund Balances	17,449,087	1,525,627	264,527
Total Liabilities and Fund Balances	\$ 32,029,575	\$ 2,142,241	\$ 780,909

See Independent Auditor's Report and Notes to Financial Statements

Major Funds			Total Non-Major Governmental Funds	Total Governmental Funds
Special Revenue Funds		Debt Service Fund		
Solid Waste Fund	Special Grant Fund			
\$ 1,179,549	\$	\$	\$ 1,674,888	\$ 17,771,015
<u>400,000</u>	<u>1,022,426</u>	<u>481,033</u>	<u>18,493,404</u>	<u>21,057,980</u>
				<u>4,590,051</u>
<u>179,857</u>	<u>30,422</u>	<u>892,791</u>	<u>421,752</u>	<u>2,935,105</u>
	<u>45,386</u>		<u>1,010,127</u>	<u>9,334,796</u>
				<u>75,331</u>
<u>124,201</u>	<u>12,762</u>	<u>520</u>	<u>637,185</u>	<u>4,909,281</u>
<u>14,330</u>	<u>10,952</u>		<u>9,825</u>	<u>920,576</u>
		<u>3,106,950</u>		<u>3,106,950</u>
	<u>3,779,174</u>			<u>3,779,174</u>
<u>\$ 1,897,937</u>	<u>\$ 4,901,122</u>	<u>\$ 4,481,294</u>	<u>\$ 22,247,181</u>	<u>\$ 68,480,259</u>
\$ 242,165	\$ 40,730	\$ 1,061	\$ 689,827	\$ 5,706,366
<u>23,465</u>	<u>13,126</u>		<u>16,490</u>	<u>1,627,539</u>
<u>18,200</u>	<u>71,015</u>		<u>1,662,235</u>	<u>3,350,357</u>
				<u>2,726,927</u>
			<u>299,619</u>	<u>368,998</u>
	<u>3,785,799</u>	<u>3,106,950</u>		<u>11,903,979</u>
<u>283,830</u>	<u>3,910,670</u>	<u>3,108,011</u>	<u>2,668,171</u>	<u>25,684,166</u>
<u>41,919</u>			<u>71,788</u>	<u>1,854,767</u>
<u>400,000</u>				<u>521,900</u>
				<u>539,217</u>
		<u>1,373,283</u>		<u>1,373,283</u>
<u>441,919</u>	<u>-0-</u>	<u>1,373,283</u>	<u>71,788</u>	<u>4,289,167</u>
				<u>3,388,044</u>
				<u>53,100</u>
				<u>12,447,200</u>
<u>1,172,188</u>	<u>990,452</u>		<u>357,436</u>	<u>3,468,796</u>
			<u>17,590,868</u>	<u>17,590,868</u>
			<u>1,558,918</u>	<u>1,558,918</u>
<u>1,172,188</u>	<u>990,452</u>	<u>-0-</u>	<u>19,507,222</u>	<u>38,506,926</u>
<u>1,614,107</u>	<u>990,452</u>	<u>1,373,283</u>	<u>19,579,010</u>	<u>42,796,093</u>
<u>\$ 1,897,937</u>	<u>\$ 4,901,122</u>	<u>\$ 4,481,294</u>	<u>\$ 22,247,181</u>	<u>\$ 68,480,259</u>

COUNTY OF TOMPKINS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2005

Total Governmental Fund Balances \$ 42,796,093

Amounts reported for Governmental Activities in the Statement of Net Assets 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.

Historical cost of capital assets	\$ 210,381,702	
Less accumulated depreciation	<u>(78,505,014)</u>	<u>131,876,688</u>

Equity interests in joint ventures are not reported in the fund financial statements because they do not represent current resources. These are the investments in the County's joint ventures:

Tompkins Cortland Community College	\$ 11,648,512	
Tompkins Consolidated Area Transit	<u>1,897,898</u>	<u>13,546,410</u>

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 8,623,937

Internal service funds are used by management to charge the costs of certain activities, such as health and workers' compensation insurance. The assets and liabilities of the internal service funds are included in Governmental Activities in the statement. 1,587,799

Certain accrued expenses, such as interest on debt, reported in the Statement of Net Assets, do not require the use of current financial resources and, therefore, are not reported as liabilities in Governmental Funds. Similarly, unamortized bond issue costs are not recognized as assets in the fund financial statements.

Accrued interest payable	\$ (561,338)	
TTASC unamortized bond issue costs	<u>167,302</u>	<u>(394,036)</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. See Note 2-B-2.

Serial Bonds payable	\$ (32,480,455)	
TTASC tobacco settlement pass-through bonds	(10,849,622)	
Bond Anticipation Notes payable	(11,195,000)	
Compensated absences	(2,780,751)	
Rental commitments	<u>(51,652)</u>	<u>(57,357,480)</u>

Net Assets of Governmental Activities \$ 140,679,411

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Major Funds		
	General Fund	County Road Fund	Special Revenue Funds Transportation Fund
<u>REVENUES</u>			
Real property taxes	\$ 30,207,467	\$	\$
Real property tax items	1,116,793		
Nonproperty tax items	31,824,150		
Departmental income	10,767,222		1,223,027
Intergovernmental charges	346,634	266,493	
Use of money and property	1,133,723	2,376	975,562
Licenses and permits	2,846	13,830	
Fines and forfeitures	263,250		
Sale of property and compensation for loss	768,292	2,823	8,794
Miscellaneous local sources	1,205,246	7,062	6,770
Interfund revenues	332,590	7,212	
State sources	22,746,478	1,328,416	50,000
Federal sources	14,223,172	24,748	
Total Revenues	<u>114,937,863</u>	<u>1,652,960</u>	<u>2,264,153</u>
<u>EXPENDITURES</u>			
General governmental support	12,954,568		
Education	6,274,255		
Public safety	13,097,662	269,797	
Health	15,851,684		
Transportation	4,626,447	5,226,151	1,802,388
Economic assistance and opportunity	43,642,180		
Culture and recreation	4,037,953		
Home and community services	1,233,303		
Employee benefits	603,693	658,550	241,755
Debt service (principal and interest)			
Capital outlay			
Total Expenditures	<u>102,321,745</u>	<u>6,154,498</u>	<u>2,044,143</u>
Excess of Revenues (Expenditures)	<u>12,616,118</u>	<u>(4,501,538)</u>	<u>220,010</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Interfund transfers in		5,123,622	
Interfund transfers (out)	(10,802,048)		(256,996)
Proceeds of obligations			
Total Other Financing Sources (Uses)	<u>(10,802,048)</u>	<u>5,123,622</u>	<u>(256,996)</u>
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	<u>1,814,070</u>	<u>622,084</u>	<u>(36,986)</u>
Fund Balances, Beginning of Year, Restated	<u>15,635,017</u>	<u>903,543</u>	<u>301,513</u>
Fund Balances, End of Year	<u>\$ 17,449,087</u>	<u>\$ 1,525,627</u>	<u>\$ 264,527</u>

See Independent Auditor's Report and Notes to Financial Statements

Major Funds				
Special Revenue Funds		Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Solid Waste Fund	Special Grant Fund			
\$	\$	\$	\$	\$ 30,207,467
				1,116,793
				31,824,150
4,308,003	553,041			16,851,293
		203,088	6,100	822,315
20,950		387,176	328,310	2,848,097
				16,676
				263,250
894,262			53,224	1,727,395
32,952	27,942	359,512	731,071	2,370,555
			1,255,083	1,594,885
35,789	1,500		680,848	24,843,031
	1,268,304		6,043,986	21,560,210
5,291,956	1,850,787	949,776	9,098,622	136,046,117
		15,194	132,430	13,102,192
				6,274,255
				13,367,459
				15,851,684
			1,007,657	12,662,643
	1,084,959			44,727,139
				4,037,953
3,733,638	649,529			5,616,470
198,698			86,111	1,788,807
		7,893,041	622,233	8,515,274
			11,878,323	11,878,323
3,932,336	1,734,488	7,908,235	13,726,754	137,822,199
1,359,620	116,299	(6,958,459)	(4,628,132)	(1,776,082)
		4,441,033	6,674,989	16,239,644
(1,158,432)			(4,272,168)	(16,489,644)
		3,330,500	12,431,911	15,762,411
(1,158,432)	-0-	7,771,533	14,834,732	15,512,411
201,188	116,299	813,074	10,206,600	13,736,329
1,412,919	874,153	560,209	9,372,410	29,059,764
\$ 1,614,107	\$ 990,452	\$ 1,373,283	\$ 19,579,010	\$ 42,796,093

COUNTY OF TOMPKINS
 RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Net Change in Fund Balances - Total Governmental Funds \$ 13,736,329

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. This is the amount by which capital outlay exceeded depreciation expense.

Capital outlay	\$ 13,164,846	
Depreciation expense	<u>(5,744,933)</u>	<u>7,419,913</u>

Equity interests in joint ventures are not reported in the fund financial statements because they do not represent current resources. This is the change in the investments in the County's joint ventures.

46,990

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in deferred tax revenues.

(41,769)

Bond proceeds provide current financial resources to Governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. This is the amount by which proceeds of debt of \$15,762,411 exceeded the repayment of bond principal of \$6,887,750.

(8,874,661)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. These expenses include an increase in compensated absences, an increase in accrued interest payable, payment of rental commitments, and the amortization of bond premium, discounts and issuance costs.

Compensated absences	\$ (76,709)	
Accrued interest payable	(360,284)	
Accreted interest on Series 2005 TTASC bonds	(10,724)	
Payment on rental commitments	70,868	
Amortization of bond premiums, discounts, bond issuance costs, and amounts deferred on refunding bonds	<u>(34,966)</u>	<u>(411,815)</u>

Cash outflows from the issuance of loans to qualified recipients under revolving loan programs are recorded as expenditures, whereas loan repayments and payments on long-term receivables are recorded as revenue in the fund financial statements. In the Government-wide statements, these transactions affect only cash and loans receivable and are not recorded in the Statement of Activities. This is the amount by which repayments of \$837,731 exceeded issues of \$536,600.

(301,131)

Internal service funds are used by management to charge the costs of certain activities, such as workers compensation and insurance, to individual funds. The net revenue (expense) of the internal service fund is reported with Governmental Activities.

13,640

Change in Net Assets of Governmental Activities

\$ 11,587,496

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005

	<u>Governmental Activities Internal Service Funds</u>
<u>ASSETS</u>	
Current Assets:	
Cash and cash equivalents	\$ <u>1,988,925</u>
Accounts receivable, net	
Due from other funds	<u>416,489</u>
Due from other governments	
Total Current Assets	<u>2,405,414</u>
Noncurrent Assets:	
Restricted cash and cash equivalents	
Total Noncurrent Assets	<u>-0-</u>
Total Assets	<u>2,405,414</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts payable	<u>16,066</u>
Accrued liabilities	
Due to other funds	<u>1,237</u>
Total Current Liabilities	<u>17,303</u>
Noncurrent Liabilities:	
Benefits and awards payable	<u>800,312</u>
Total Noncurrent Liabilities	<u>800,312</u>
Total Liabilities	<u>817,615</u>
Total Net Assets	<u>\$ <u>1,587,799</u></u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Governmental Activities <u>Internal Service Funds</u>
<u>OPERATING REVENUES</u>	
Charges for services - Governmental Funds	\$ 727,785
Charges for services - External participants	<u>29,165</u>
Charges for services - Interfund transfer	<u>250,000</u>
Other operating revenues	<u>53,749</u>
Total Operating Revenues	<u>1,060,699</u>
<u>OPERATING EXPENSES</u>	
Administrative	<u>91,258</u>
Contractual	<u>104,490</u>
Benefits and awards	<u>720,317</u>
Claims and judgments	<u>163,779</u>
Total Operating Expenses	<u>1,079,844</u>
Gain from Operations	<u>(19,145)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest income	<u>32,785</u>
Other	<u> </u>
Total Nonoperating Revenues	<u>32,785</u>
Net Income Before Transfers	<u>13,640</u>
Interfund transfer in	<u> </u>
Interfund transfer (out)	<u> </u>
Change in Net Assets	<u>13,640</u>
Total Net Assets, Beginning of Year	<u>1,574,159</u>
Total Net Assets, End of Year	<u>\$ 1,587,799</u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from providing services	\$ 757,468
Cash received from insurance recoveries	53,749
Cash received from interfund transfer	458,198
Cash payments - Suppliers	(224,161)
Cash payments - Claims and benefits	(583,784)
Net Cash Provided by Operating Activities	<u>461,470</u>
Cash Flows from Non-capital Financing Activities:	
Intergovernmental transfer	<u> </u>
Interfund transfers in	<u> </u>
Interfund transfers (out)	<u> </u>
Net Cash Provided by Non-capital Financing Activities	<u>-0-</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	<u> </u>
Net Cash Provided by Capital and Related Financing Activities	<u>-0-</u>
Cash Flows from Investing Activities:	
Interest income received	32,785
Net Cash Provided by Investing Activities	<u>32,785</u>
Net Increase in Cash and Cash Equivalents	<u>494,255</u>
Cash and Cash Equivalents, January 1,	<u>1,494,670</u>
Cash and Cash Equivalents, December 31,	<u>\$ 1,988,925</u>
Reconciliation of Gain of Income from Operations to Net Cash Provided by Operating Activities:	
Gain from operations	\$ (19,145)
Decrease in interfund receivable	208,198
Decrease in other receivables	518
(Decrease) in accounts payable	(29,650)
Increase in accrued liabilities	300,312
Increase in interfund payable	1,237
Net Cash Provided by Operating Activities	<u>\$ 461,470</u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
DECEMBER 31, 2005

	Private Purpose Trust Fund	Agency Funds
	<u> </u>	<u> </u>
<u>ASSETS</u>		
Cash and cash equivalents - Unrestricted	\$ 14,260	\$ 3,525,942
- Restricted	<u> </u>	<u> </u>
Accounts receivable	<u> </u>	338,132
Due from other funds	<u> </u>	<u> </u>
Securities and mortgages	<u> </u>	<u> </u>
 Total Assets	 \$ 14,260	 \$ 3,864,074
 <u>LIABILITIES</u>		
Agency liabilities	\$ <u> </u>	\$ 3,864,074
 Total Liabilities	 <u> </u> -0-	 \$ <u>3,864,074</u>
 <u>NET ASSETS</u>		
Held in Trust for Memorials	\$ <u>14,260</u>	

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

		Private Purpose Trust Fund
	<u>ADDITIONS</u>	
Contributions		\$ _____
Investment earnings		_____ 65
Total Additions		_____ 65
	<u>DEDUCTIONS</u>	
Distributions		_____
Total Deductions		_____ -0-
Change in Net Assets		_____ 65
Net Assets - Beginning of Year		_____ 14,195
Net Assets - End of Year		\$ _____ <u>14,260</u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 1 - Summary of Significant Accounting Policies

The financial statements of the County of Tompkins have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The County has the option to apply FASB pronouncements issued after that date to its Governmental Activities and has elected to do so. The more significant of the County's accounting policies are described below.

A. Financial Reporting Entity

The County of Tompkins, which was incorporated in 1817, is governed by its Charter, Administrative Code, the County Law, other general laws of the State of New York, and various local laws. The County Legislature is the legislative body responsible for overall operations; the County Administrator serves as Chief Executive Officer and Budget Officer, and the Finance Director serves as Chief Fiscal Officer.

The County provides the following basic services: general governmental support, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, public improvements, planning and zoning, and home and community services.

All governmental activities and functions performed by the County of Tompkins are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the County of Tompkins, (b) organizations for which the primary government is financially accountable, and (c) 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 financial statements to be misleading or incomplete as set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units."

The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units," including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following are included as component units:

1. Blended Component Units

Tompkins Tobacco Asset Securitization Corporation - During 2000, in accordance with the laws of New York State, and the securitization of 50% of its future tobacco settlement proceeds, the Tompkins Tobacco Asset Securitization Corporation (TTASC) was established. The Tompkins TASC is one of seventeen New York County TASC's in the New York Counties Tobacco Trust I, organized as not-for-profit local development corporations who purchased the rights to the tobacco settlement proceeds from each respective County. The TASC's, in turn, pledged and assigned all of their rights as security and as a source of payment to the New York Counties Tobacco Trust I, who issued in aggregate \$227,130,000 of Tobacco Settlement Pass Through Bonds. The proceeds from securitizing 50% of its future proceeds amounted to \$7,070,234 and were recognized in the 2000 financial statements of the County. During 2005, the TASC was able to restructure pledged revenues in order to raise additional revenues.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

Participation in New York Counties' Tobacco Trust V resulted in \$3,756,911 of proceeds distributed to the County for capital improvements. The TTASC is deemed to be a blended component unit of the County and is reported as a Debt Service Fund. Complete financial statements can be obtained from Finance Director at Tompkins County located at 125 Court Street, Ithaca, NY 14850.

2. Discretely Presented Component Units

Tompkins County Public Library - Established in 1968 by the Tompkins County Board of Supervisors and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The Tompkins County Legislature appoints trustees; raises taxes for library purposes; has title to real property used by the library; and issues all library indebtedness which is supported by the full faith and credit of the County of Tompkins. The library is a discretely presented component unit of the County. Complete financial statements can be obtained from their administrative office at 101 East Green Street, Ithaca, NY 14850.

Tompkins County Industrial Development Agency - A Public Benefit Corporation created by State Legislation to promote the economic welfare, recreational opportunities, and prosperity of Tompkins County residents. Members of the agency are appointed by the municipality but exercise no oversight responsibility. Agency members have complete responsibility for management of the agency and accountability for fiscal matters. The municipality is not liable for agency bonds or notes. The agency is deemed to be a component unit of the County and is presented as a discretely presented component unit. Complete financial statements can be obtained from the Tompkins County Industrial Development Agency, 200 E. Buffalo Street, Suite 102A, Ithaca, NY 14850.

Tompkins County Soil and Water Conservation District - Established under provisions of Article 3, Section 30, of the General Municipal Law to provide for the conservation of soil and water resources. Members of the District's Board of Directors are appointed by the County Legislature and the County provides 14% of the District's General Fund revenue. The Soil and Water Conservation District is considered a component unit of the County and is discretely presented. Complete financial statements can be obtained from their administrative office at 903 Hanshaw Road, Ithaca, NY 14850.

3. Joint Ventures

Although the following organizations are related to the County of Tompkins, they are not included in the County of Tompkins' reporting entity:

- a. The Tompkins Cortland Community College was established in 1965 by joint action of the legislative boards of Tompkins and Cortland Counties as joint local sponsors under provisions of Article 126 of the Education Law. The college is administered by a Board of Trustees consisting of nine voting members; five of whom are appointed by the legislative boards of the two counties under an apportionment made between the two counties by the State University Trustee, and four by the Governor. The college's annual operating and capital budget is subject to approval by both county boards and, in addition, the counties provide one-half of capital costs and one-third of operating costs for the college. Ownership of existing capital facilities is held in the ratio of 68% and 32% by the Counties of Tompkins and Cortland, respectively. Subsidies to meet operational expenses are shared in the ratio of resident students in attendance. The Tompkins Cortland Community College is an activity undertaken jointly with the County of Cortland and accordingly, its financial statements are excluded from those of the reporting entities. See Note 3 for additional disclosure regarding this joint venture.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

- b. The Tompkins Consolidated Area Transit (TCAT) was formed under a consolidation agreement between the City of Ithaca, Tompkins County, and Cornell University effective April 1, 1998. The agreement shall remain in force until October 9, 2021. TCAT began operations on January 1, 1999, with its purpose to provide public transportation in Tompkins County and surrounding areas. As of January 1, 2005 TCAT was reorganized as a 501(c)(3). However, the structure of the Board, and the interest of each party was not changed. TCAT is governed by a Board of Directors consisting of nine voting members with three members being appointed by each participant in the venture. The General Manager of TCAT is a non-voting ex-officio member of the Board. In addition, the nine voting members of the Board select five additional non-voting, ex-officio members. Interest of each party in surpluses, losses, property, and in debt acquired by TCAT shall be shared equally. Each party makes an annual contribution of equal amounts to the venture. See Notes 3 and 7 for additional disclosure regarding this joint venture.

B. Basic Financial Statements

The County's basic financial statements include both Government-wide (reporting the County as a whole) and fund financial statements (reporting the County's Major Funds.) Both the Government-wide and fund financial statements categorize primary activities as either governmental or business type. The County's general governmental support, education, public safety, health, transportation, highways and streets, economic assistance and opportunity, culture and recreation, and home and community services are classified as governmental activities. Services relating to self insurance and workers' compensation administration are classified as Business-type activities.

1. Government-wide Statements

The Government-wide statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of activities for the primary government and for the County's discretely presented component units.

Government-wide financial statements do not include the activities reported in the Fiduciary Funds or fiduciary component units. This Government-wide focus is more on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

In the Government-wide Statement of Net Assets, the governmental activities are presented on a consolidated basis in one column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The County first utilizes restricted resources to finance qualifying activities.

The Statement of Activities reports both the gross and net cost for each of the County's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the prepared or capital requirements of a particular program. Depreciation on assets that are shared by essentially all of the County's programs has been reported in general government support. Revenues, which are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the County.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

The County does not allocate indirect costs. Indirect costs are reported in the function entitled "general government."

2. Fund Financial Statements

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The County records its transactions in the fund types described below:

Governmental Funds

Governmental Funds 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 Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position. The following are the County's Governmental Funds:

Major Funds

General Fund - The General Fund is the principal operating fund and includes all operations not required to be recorded in other funds.

Special Revenue Funds

County Road Fund - The County Road Fund is used to account for expenditures for highway purposes authorized by Section 114 of the Highway Law.

Transportation - The Transportation Fund is used to account for the operations of the County-owned airport.

Special Grant Fund - The Special Grant Fund is used to account for Community Development Block Grants and funds received under the Workforce Investment Act.

Solid Waste Fund - The Solid Waste Fund is used to account for County solid waste activities.

Debt Service Fund - The Debt Service Fund is used to account for current payments of principal and interest on general obligation long-term debt (and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness).

Non-Major Funds

Special Revenue Fund

Road Machinery Fund - The Road Machinery Fund is used to account for the purchase, repair, maintenance, and storage of highway machinery, tools, and equipment pursuant to Section 133 of the Highway Law.

Capital Projects Funds - The Capital Projects Funds consist of General Government, Public Safety, Transportation, Home and Community Service, Public Health, Education, and TCAT funds, which are used to account for and report financial resources to be used for the acquisition, construction, or renovation of major capital facilities, equipment or transportation system.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

TTASC Debt Service Fund - The TTASC Debt Service Fund is used to account for the accumulation of resources from tobacco settlement payments and for the payment of principal and interest on the Tobacco Settlement Pass through Bonds.

Proprietary Funds

Proprietary Funds are used to account for ongoing organizations or activities, which are similar to those often found in the private sector. The measurement focus is upon determination of net income, financial position, and changes in financial position. The following Proprietary Fund is utilized:

Internal Service Fund - The Internal Service Fund is used to account for the accumulation of resources for payment of unemployment insurance as authorized by Section 6M of the General Municipal Law and to account for the accumulation of resources for payment of compensation, assessments, and other obligations under Workers' Compensation Law, Article 5, and for the accumulation of resources for payment of self-insured risks as authorized by Section 6N of the General Municipal Law.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the local government in a trustee or custodial capacity.

Agency Funds - The Agency Funds are used to account for money and/or property received and held in the capacity of trustee, custodian or agent.

Private-Purpose Trust Fund - The Private-Purpose Trust Fund is used to report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The County uses this fund to report funds provided for cemetery maintenance.

C. Basis of Accounting/Measurement Focus

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

Accrual Basis - The Government-wide financial statements and the Proprietary and Fiduciary Fund financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly all of the County's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual Basis - Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. The County considers property tax receivables collected within 60 days after year-end to be available and recognizes them as revenues of the current year. All other revenues that are deemed collectible within six months after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when received. Exceptions to this general rule are that 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

D. Equity Classifications

1. Government-wide Statements

Equity is classified as net assets and displayed in three components:

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

Restricted net assets - Consists of net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

Unrestricted net assets - Consists of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

2. Fund Financial Statements

Governmental Fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary Fund equity is classified the same as in the Government-wide statements. The following reserve funds are used by the County. Any capital gains or interest earned on reserve fund resources becomes part of the respective reserve fund. While a separate bank account is not necessary for each reserve fund, a separate identity for each reserve fund must be maintained.

Reserve for Encumbrances - The Reserve for Encumbrances represents the amount of outstanding encumbrances at the end of the fiscal year and is utilized by any of the Governmental Funds, as needed.

Miscellaneous Reserve - The Miscellaneous Reserve is used for various purposes and is aggregated and reported in the General and Transportation Funds.

Reserve for Repairs and Replacements - The Reserve for Repairs and Replacements provides funds for the financing of all or part of the cost of: a) the construction, reconstruction or acquisition of a specific capital improvement or the acquisition of a specific item or specific items of equipment, or b) the construction, reconstruction or acquisition of a type of capital improvement or the acquisition of a type of equipment.

Reserve for Debt - The Reserve for Debt is a fund for the payment of the County's bonded indebtedness and is reported in the Debt Service Funds.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

E. Property Taxes

The authority of levying taxes for the support of County and town government, inclusive of special districts, and for relieving unpaid school taxes and village taxes, has been delegated by the State Legislature to the governing board of the County through various provisions of the Real Property Tax Law. For purposes of both County and town taxes, the value of real property is listed and established by the County Director of Assessment for each parcel of real property therein. Amounts to be raised by tax are determined from balanced budgets of the towns and the County and levied on or before December 31, each year. The lien date is January 1. Tax rates are established by the ratio of real property value to the taxes to be raised. In the instance of County taxes levied within the city and each of the towns, property values are equalized by the County Legislature through establishment of the ratio that assessed value of the real property in each town and the city bears to the full value therein. Except for city school district taxes levied within the city, unpaid school and village taxes are purchased from each school district and village and added to tax levies and, until paid, are counted among the assets of the County; the County thus acquires all rights, title, and interest in any unpaid taxes. Unpaid city school district taxes on properties outside of the city are also turned over to the County for collection. Taxes are collected in the towns and City of Ithaca from January 1, to a date no later than June 1, when settlement is made with the Finance Director, who makes collections thereafter. The towns' share of tax levies, which is guaranteed by the County, is paid to supervisors out of the first money received. A five percent penalty is added to unpaid items at the time of settlement; thereafter, unpaids, inclusive of this penalty, bear interest at an annual variable rate determined by the New York State Commission of Taxation and Finance.

Commencing in 1995, the County began enforcing delinquent taxes under the provisions of Article 11 of the Real Property Tax Law.

Residential and farm property classes are now subject to foreclosure after a three year period of delinquency as compared to the former practice of four years; all other classes of property are now subject to foreclosure action after a two year period of delinquency. Article 11 also replaces the procedure of sending delinquent taxes to Tax Sale. The County is now required to file a list of delinquent taxes with the County Clerk and to maintain such listing on an annual basis. Delinquent taxes, which are not redeemed within times prescribed by statute, are subject to conversion to tax deeds vesting title in the County, which in turn may be conveyed by sale to third parties.

Real property taxes levied are recognized as revenue in the Governmental Fund financial statements only if they are "available" within 60 days following the end of the fiscal year. Tax revenue not so available is treated as deferred revenue. At December 31, 2005, the County had deferred \$1,737,813 of real property tax revenue in the General Fund.

F. Budgetary Data

1. Budgeting Policies - The budget policies are as follows:

- a. No later than November 10, the County Administrator (as budget officer) submits a tentative budget to the County Legislature for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.
- b. After public hearings are conducted to obtain taxpayer comments, no later than December 10, the governing board adopts the budget.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

- c. Budget modifications in excess of \$5,000 are authorized by resolution of the County Legislature. Unencumbered budgetary appropriations lapse at the close of each fiscal year with the exception of capital projects. There is an adopted Fiscal Plan which is reviewed annually. The Fiscal Plan allows County departments to apply for the reappropriation of unspent appropriations from the previous year.
- d. Capital project budgets are established in the capital projects annual budget (which coincides with the operations budget) and through the County Legislature resolutions authorizing individual projects. These resolutions remain in effect for the life of the project.

G. Changes in Accounting Policies

During 2005, the NYS Legislature adopted changes in the procedures utilized to bill local governments their share of the Medicaid program ("Program"). The intent of the Program changes is to cap or limit the local share to a baseline established during 2005. An immediate result of this change is the elimination of the requirement to accrue estimated weekly shares of Medicaid expenses at year end.

H. Cash and Cash Equivalents

For financial statement purposes, the County considers all highly liquid investments with original maturities of three months or less as cash equivalents.

I. Investments

Investments are stated at cost, which approximates market value.

J. Receivables

Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the County to reimburse it for expenditures incurred pursuant to state and federally funded programs.

K. Revenues

Substantially all Governmental Fund revenues are accrued. Property tax receivables expected to be received later than 60 days after year end are deferred. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Subsidies and grants to Proprietary Funds that finance either capital or current operations are reported as nonoperating revenue, based on GASB 33.

L. Self-Insurance

The County of Tompkins assumes the liability for all general liability and substantially all of its vehicle risks. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. As of December 31, 2005, the County had reserved \$1,174,898 in the Internal Service Fund to fund any settlements (See Note 4). At year end, there was \$190,666 of incurred claims pending. Additionally, the County is self-insured for unemployment and reimburses New York State dollar for dollar for any unemployment claims. Unemployment charges for 2005 amounted to \$43,996.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

Effective January 1, 1994, the County became self-insured for workers' compensation claims. Claims occurring prior to 1994 are insured under retrospective adjustment policies issued by the State Insurance Fund. During 2005, the County was not subject to retrospective premiums for claims incurred prior to the County becoming self-insured. The Self-Insured Workers' Compensation Plan as of December 31, 2005, reflected \$800,312 as an accrual for claims incurred but not paid. An additional \$412,901 is reserved in the Internal Service Fund to fund any claims. Activity for workers' compensation claims is as follows:

<u>Year</u>	<u>Liability Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability End of Year</u>
2005	\$ 500,000	\$ 1,020,629	\$ 720,317	\$ 800,312
2004	578,021	165,264	243,285	500,000

M. Property, Plant, and Equipment

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 repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Equipment and furnishings that are over \$5,000, machinery and motor vehicles that are over \$25,000, land and buildings that are over \$100,000, and infrastructure assets that are over \$100,000, and have a useful life greater than one year, are capitalized at cost in the Statement of Net Assets. Contributed fixed assets are recorded at fair market value at the date received. The estimated useful lives for governmental capital assets are as follows:

Buildings and improvements	30 years
Machinery and equipment	5 - 15 years
Infrastructure	25 - 50 years

N. Vacation and Sick Leave and Compensatory Absences

County of Tompkins' employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Two to four weeks of vacation time, depending upon length of employment, is earned by each full time permanent and provisional employee. Benefits accrue upon commencement of employment. Sick/disability leave credits accumulate to a maximum of 120 days. Upon termination of employment, employees are compensated for unused vacation time up to a maximum of two years. 760 employees are eligible to receive unused sick benefits, unused holiday time, and unused compensatory time in cash or credit to be used to pay for health insurance during retirement. The value of these benefits at December 31, 2005, is approximately \$2,780,751, and is recorded as a long-term obligation in the Statement of Net Assets. In addition, component units of the County reported \$113,953 in compensated absences at December 31, 2005.

Payment of vacation and sick leave recorded in the Statement of Net Assets is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payments of vacation and sick leave and compensatory absences when such payment becomes due.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

O. Postemployment Benefits

In addition to providing pension benefits, the County of Tompkins provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the County of Tompkins' employees may become eligible for these benefits if they elect to continue coverage. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The County of Tompkins recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid. During the year, \$760,452 was paid on behalf of 185 retired employees. Certain retirees of the Tompkins County Library retirees and Tompkins Cortland Community College retirees are covered under health plans administered by the County. Both of these entities reimburse the County fully for the employer's share of post employment benefits.

P. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements take place when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between Governmental Funds are netted as part of the reconciliation to the Government-wide financial statements.

Note 2 - Detail Notes

A. Assets

1. Cash and Investments

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

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

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 105 percent of the cost of the repurchase agreement.

Deposits and investments are valued at cost or cost plus interest, and are categorized as either (1) insured and for which the collateral is held by the County of Tompkins' agent in the County's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the County's name, or (3) uncollateralized.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
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Deposits and investments at year end were entirely covered by FDIC insurance or by collateral held by custodial banks in the County's name. Total financial institution (bank) balances at December 31, 2005, per the bank, were \$44,988,121 and \$1,858,245 for the primary government and component units, respectively

Restricted Cash

Restricted cash and cash equivalents, reported on the Government-wide financial statements, consists of:

Activity	Amount
Governmental Activities	
Capital Projects	\$ 17,835,506
Debt Service	1,138,931
Community Development	1,022,426
Public Safety	149,733
Repairs and Replacements	521,900
Economic Assistance	389,484
Total Governmental Activities	\$ 21,057,980

2. Securities and Mortgages Receivable

The County has recorded \$3,106,950 of Securities and Mortgages Receivable offset by Deferred Revenues of \$3,106,950 in the Debt Service Fund. In the Statement of Net Assets, this receivable is not deferred. The receivable represents the portion of debt reflected in the Statement of Net Assets which third parties have contractual responsibility for reimbursing the County for future debt service requirements. The following summarizes the parties and obligations involved:

Indebtedness	Original Amount	Date Issued	Party Involved	% Share	Balance 12/31/05
Serial Bond	\$ 330,000	2003	Food Net	100%	\$ 283,000
BAN	105,000	2002	Cooperative Extension of T.C.	100%	87,500
BAN	2,910,000	2001	Cortland County	36%	687,601
BAN	1,400,000	2001	Tompkins Community Action	100%	1,050,000
Serial Bond	335,000	1995	Cooperative Extension of T.C.	100%	204,704
Serial Bond	2,800,000	1995	Cortland County	36%	491,284
Serial Bond	1,000,000	1998	Cortland County	36%	302,861
Total					\$ 3,106,950

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

3. Other Receivables

Accounts receivable as of December 31, 2005, is as follows:

General Fund:	
Sales tax revenue - 4 th quarter	\$ 2,801,956
Tobacco settlement revenue receivable	626,892
Miscellaneous rents and fees	443,130
Allowance for uncollectibles	<u>(94,056)</u>
Total General Fund	3,777,922
County Road Fund:	
Charges for services receivable	8,168
Transportation Fund:	
Transportation fees due from airlines	348,523
Solid Waste Fund:	
Solid waste tipping fees	200,545
Allowance for uncollectibles	<u>(76,344)</u>
Total Solid Waste Fund	124,201
Special Grant Fund: Grants receivable	12,762
Debt Service Fund: Miscellaneous	520
Non-Major Funds:	
Road Machinery Fund	3,100
Capital Projects Fund	4,638
TTASC Debt Service Fund - Tobacco settlement revenue receivable	626,892
TTASC Debt Service	<u>2,555</u>
Total Non-Major Funds	<u>637,185</u>
Total Governmental Funds	<u>\$ 4,909,281</u>

4. Property Taxes

At December 31, 2005, the total real property tax assets of \$4,886,529 are offset by an allowance for uncollectible taxes of \$296,478. Current year returned village and school taxes of \$2,491,184 are offset by liabilities to the villages and school districts which will be paid no later than April 1, 2005. The remaining portion of tax assets is (partially) offset by deferred tax revenue of \$1,737,813 (which represents an estimate of the taxes which will not be collected within the first sixty (60) days of the subsequent year).

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

5. Capital Assets

Capital asset activity for the year ended December 31, 2005, was as follows:

	<u>Balance at</u> <u>12/31/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/05</u>
<u>Governmental Activities:</u>				
Capital assets that are not depreciated				
Land and land improvements	\$ 7,035,114	\$ 5,700	\$	\$ 7,040,814
Construction in progress	<u>74,347</u>	<u>933,827</u>	<u></u>	<u>1,008,174</u>
Total Non-depreciable Capital Assets	<u>7,109,461</u>	<u>939,527</u>	<u>-0-</u>	<u>8,048,988</u>
Capital assets that are depreciated				
Buildings	69,648,134	2,614,981		72,263,115
Machinery and equipment	10,361,305	1,917,524		12,278,829
Infrastructure	<u>110,097,956</u>	<u>7,692,814</u>	<u></u>	<u>117,790,770</u>
Total Depreciable Capital Assets	<u>190,107,395</u>	<u>12,225,319</u>	<u>-0-</u>	<u>202,332,714</u>
Total Historical Cost	<u>197,216,856</u>	<u>13,164,846</u>	<u>-0-</u>	<u>210,381,702</u>
Less accumulated depreciation:				
Buildings	(19,454,397)	(2,302,852)		(21,757,249)
Machinery and equipment	(6,200,835)	(491,829)		(6,692,664)
Infrastructure	<u>(47,104,849)</u>	<u>(2,950,252)</u>	<u></u>	<u>(50,055,101)</u>
Total Accumulated Depreciation	<u>(72,760,081)</u>	<u>(5,744,933)</u>	<u>-0-</u>	<u>(78,505,014)</u>
Governmental Activities Capital Assets, Net	<u>\$ 124,456,775</u>	<u>\$ 7,419,913</u>	<u>\$ -0-</u>	<u>\$ 131,876,688</u>

Depreciation expense was charged to functions as follows:

<u>Governmental Activities:</u>	
General government support	\$ 222,340
Education	15,167
Public safety	344,164
Public health	244,690
Transportation	3,680,382
Economic assistance and opportunity	420,621
Culture and recreation	327,996
Home and community services	<u>489,573</u>
Total Governmental Activities Depreciation Expense	<u>\$ 5,744,933</u>

COUNTY OF TOMPKINS
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

B. Liabilities

1. Pension Plans

General Information

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

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

Funding Policy

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary until such time as they have participated in the system for ten years. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members which shall be used in computing the contributions required to be made by the employer to the pension accumulation fund.

The County of Tompkins is required to contribute at an actuarially determined rate. The required contribution for the current year and two preceding years were:

	<u>ERS</u>
2005	\$ 4,283,514
2004	4,605,048
2003	1,963,384

The County's contributions made to the System were equal to 100% of the contributions required for each of the years. Contributions for certain employees of the Tompkins County Library and Tompkins Cortland Community College were included in billings from the Employees Retirement System. The County is reimbursed annually for the cost attributable to such employees.

Since 1989, the System's billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ended March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively,) over a 17 year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The County of Tompkins elected to make full payment on December 15, 1989.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

On May 14, 2003, Chapter 49 of the Laws of 2003 of the State of New York was enacted which made the following changes to the Systems:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st (e.g. billings due February 2005 would be based on the pension value as of March 31, 2004).
- Allows one-time financing of State fiscal year 2004-2005 pension cost by permitting local governments to bond, over five years, any required contribution in excess of 7% of estimated salaries or to amortize required contributions in excess of 7% over a five year period. [Superseded by Chapter 260 of the Laws of 2004. See below.]

On July 30, 2004, Chapter 260 of the Laws of 2004 of the State of New York was enacted that allows local employers to bond or amortize a portion of their retirement bill for up to ten years in accordance with the following schedule:

- For State fiscal year (SFY) 2004-05, the amount in excess of 7% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5% of employees' covered pensionable salaries.
- For SFY 2006-07, the amount in excess of 10.5% of employees' covered pensionable salaries.

This law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2007. The County has opted not to amortize.

2. Long-term Debt

a. Constitutional Debt Limit

At December 31, 2005, the total outstanding indebtedness of the County of Tompkins aggregated \$44,555,500. Of this amount, \$38,190,000 was subject to the constitutional debt limit and represented approximately 13% of its statutory debt limit.

b. Serial Bonds

The County of Tompkins borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the government-side financial statements. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

COUNTY OF TOMPKINS
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

c. Bond Anticipation Notes

Bond Anticipation Notes should be reflected as current or long-term liabilities depending on the refinancing status. For Governmental Funds, if all legal steps have been taken to refinance the Bond Anticipation Notes, the intent is supported by an ability to consummate refinancing the short-term note on a long-term basis in accordance with the criteria set forth in FASB Statement No. 6, "Classification of Short-term Obligations Expected to be Refinanced," the proceeds of the debt issue should be reflected as "Other Financing Sources" in the operating statement of the recipient fund. Such notes would be recorded as liabilities in the Government-wide financial statements.

State law requires that BANs issued for capital purposes be converted to long-term obligations or paid off within five years after the original issue date. However, BANs issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

d. Other Long-term Debt

In addition to the above long-term debt, the County had the following non-current liabilities:

- 1) Compensated Absences: Represents the value of earned and unused portion of the liability for compensated absences and is liquidated in various funds.
- 2) Long-term Rental Commitments: Represents operating lease commitments extending beyond one year and is liquidated in the General Fund.
- 3) Workers Compensation Claims: Represents the estimated liabilities for claims for workers' compensation that have been incurred but not reported and is liquidated in the Internal Service Fund.

e. Summary Long-term Debt

The following is a summary of long-term liabilities outstanding at December 31, 2005:

<u>Liability</u>		
Serial Bonds	\$ 33,360,500	
Less deferred charges on defeased debt	<u>(880,045)</u>	\$ 32,480,455
Bond Anticipation Notes		11,195,000
Compensated Absences		2,780,751
Workers' compensation claims		800,312
Rental Commitments		51,652
TTASC Bonds	\$ 11,139,467	
Add accreted interest	10,724	
Less unamortized bond discount	<u>(300,569)</u>	<u>10,849,622</u>
 Total Long-term Debt		 <u>\$ 58,157,792</u>

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

f. Summary Long-term Obligations

The following is a summary of changes in long-term obligations for the period ended December 31, 2005:

	Balance 01/01/05	Additions	Deletions	Balance 12/31/05	Amount Due Within One Year
Serial Bonds	\$ 32,735,000	\$ 3,330,500	\$ (2,705,000)	\$ 33,360,500	\$ 2,610,500
Less deferred charges on Defeased debt	(991,304)		111,259	(880,045)	(131,217)
Total Serial Bonds	<u>31,743,696</u>	<u>3,330,500</u>	<u>(2,593,741)</u>	<u>32,480,455</u>	<u>2,479,283</u>
Bond Anticipation Notes	6,552,750	8,675,000	(4,032,750)	11,195,000	11,195,000
Compensated Absences	2,704,042	76,709		2,780,751	-0-
Workers' compensation claims	500,000	300,312		800,312	480,187
Rental commitments	<u>122,520</u>		<u>(70,868)</u>	<u>51,652</u>	<u>51,652</u>
Total Primary Government Long-term Debt	41,623,008	12,382,521	(6,697,359)	47,308,170	14,206,122
TTASC Bonds	7,445,000	3,844,467	(150,000)	11,139,467	165,000
Add accreted interest on 2005 bonds		<u>10,724</u>		<u>10,724</u>	
Less unamortized bond discount	<u>(224,006)</u>	<u>(87,556)</u>	<u>10,993</u>	<u>(300,569)</u>	<u>(13,952)</u>
Total TASC Bonds	<u>7,220,994</u>	<u>3,767,635</u>	<u>(139,007)</u>	<u>10,849,622</u>	<u>151,048</u>
Total Long-term Debt	<u>\$ 48,844,002</u>	<u>\$ 16,150,156</u>	<u>\$ (6,836,366)</u>	<u>\$ 58,157,792</u>	<u>\$ 14,357,170</u>

Additions and deletions to compensated absences are shown net, as it is impractical to determine these amounts separately.

The County expensed \$2,120,785 in interest on the Bonds and Bond Anticipation Notes during the year.

Cash paid	\$ 1,627,524
Less interest accrued in prior year	(201,053)
Add interest accrued in the current year	561,338
Add accreted interest on the Series 2005 TASC bonds	10,724
Add amortization of amounts deferred on refunding	111,259
Add amortization of other bond premium, discount and issue costs	<u>10,993</u>
Total	<u>\$ 2,120,785</u>

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

g. Long-term Debt Maturity Schedule

The following is a statement of Serial Bonds and Bond Anticipation Notes with corresponding maturity schedules.

Description	Date Issued	Interest Rate	Maturity Date	Balance Outstanding
Bond Anticipation Notes (BANs)				
Emergency Communications	9/2003	1.03%	3/2006	2,000,000
Public Safety Facility	9/2003	1.03%	3/2006	520,000
Energy Performance	3/2005	2.42%	3/2006	2,150,000
Highway Equipment	3/2005	2.42%	3/2006	525,000
Emergency Communications	3/2005	2.42%	3/2006	<u>6,000,000</u>
Total BANs				<u>\$ 11,195,000</u>
Bonds				
1995 Series A & B Refunding	8/2003	3.75%	8/2014	\$ 7,490,000
Add unamortized premium				144,683
Less unamortized deferred amount on refunding				(274,481)
Less unamortized bond issue costs				<u>(99,001)</u>
Net Refunding Bonds				7,261,201
Mental Health Bldg.	12/1989	6.40%	6/2010	1,225,000
Public Improvements	5/1992	5.60-6.00%	5//2012	1,225,000
1996 NYSEFC Bonds	2/1996	2.79%	2/2012	960,000
2005 Bonds	3/2005	3.37%-4.0%	3/2020	3,330,500
Public Improvement Refunding	10/2004	2.50-4.125%	2/2020	19,130,000
Add unamortized premium				697,966
Less unamortized deferred amount on refunding				(1,155,856)
Less unamortized bond issue costs				<u>(193,356)</u>
Net Refunding Public Improvement Bonds				18,478,754
Total Bonds				<u>\$ 32,480,455</u>

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

Description	Date Issued	Interest Rate	Maturity Date	Balance Outstanding
TTASC				
Tobacco Settlement Pass -through Bonds-2000	12/00	5.25%-6.30%	6/25	\$ 7,295,000
Tobacco Settlement Pass -through Bonds-2000	11/05	6.00%-7.85%		3,844,467
Add accreted interest on 2005 bonds				10,724
Less unamortized bond discount				<u>(300,569)</u>
Total				<u>\$ 10,849,622</u>

The full amount of Bond Anticipation Notes of \$11,195,000 is due in 2006.

The County's debt service requirements at December 31, 2005 were as follows:

Year	Serial Bonds		TASC Bonds		Rental Commitments	Total
	Principal	Interest	Principal	Interest		
2006	\$ 2,610,500	\$ 1,218,877	\$ 165,000	\$ 463,129	\$ 51,652	\$ 4,509,158
2007	2,770,000	1,139,886	190,000	452,559		4,552,445
2008	2,835,000	1,037,116	220,000	440,013		4,532,129
2009	2,900,000	930,128	235,000	426,053		4,491,181
2010	2,990,000	820,033	260,000	410,865		4,480,898
2011-2015	11,100,000	2,576,937	1,553,421	1,831,750		17,062,108
2016-2020	8,155,000	640,309	2,810,586	2,074,483		13,680,378
2021-2025			3,773,529	2,486,843		6,260,372
2026-2030			1,000,954	3,833,170		4,834,124
2031-2035			619,648	4,511,207		5,130,855
2036-2040			311,329	3,257,849		3,569,178
Total	<u>\$ 33,360,500</u>	<u>\$ 8,363,286</u>	<u>\$ 11,139,467</u>	<u>\$ 20,187,921</u>	<u>\$ 51,652</u>	<u>\$ 73,102,826</u>

During 2005, the County's sold 50% of its residual interest in the Tobacco Settlement Revenues through the issuance of Series 2005 TASC bonds, as described above. The Series 2005 Bonds are capital appreciation bonds, upon which the investment return on the initial principal amount is reinvested at a compounded rate until maturity. There are no scheduled principal and interest payments on the Series 2005 bonds other than on their respective maturity dates, at which time a single payment is made representing both the initial principal amount and the total investment return.

However, the Series 2005 Bonds are subject to redemption prior to maturity through turbo redemption payments which are to be made from surplus collections on deposit, as provided in the Bond Indenture. The amounts and timing of the turbo redemption payments are based on projections of future tobacco settlement receipts less amounts needed to satisfy debt service on the Series 2000 bonds and to satisfy operating requirements. Failure to make such turbo redemption payments will not, however, constitute an event of default.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

C. Interfund Receivables and Payables

Interfund receivable and payable balances at December 31, 2005 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenue</u>	<u>Interfund Expenditures</u>
Major Funds:				
General Fund	\$ 383,768	\$ 907,872	\$	\$ 10,802,048
County Road Fund	889,499	363,452	5,123,622	
Transportation Fund	137,016	327,583		256,996
Special Grant Fund	30,422	71,015		
Solid Waste Fund	179,857	18,200		1,158,432
Debt Service Fund	892,791		4,441,033	
Non-Major Funds	421,752	1,662,235	6,674,989	4,272,168
Internal Service Fund	<u>416,489</u>	<u>1,237</u>	<u>250,000</u>	<u></u>
 Total	 <u>\$ 3,351,594</u>	 <u>\$ 3,351,594</u>	 <u>\$ 16,489,644</u>	 <u>\$ 16,489,644</u>

D. Deferred Compensation Plan

Employees of the County of Tompkins may elect to participate in the Nationwide Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. Governmental Accounting Standards Board Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Plans," requires Plan assets to be held by an outside trustee, and are not reported in the County's financial statements.

Note 3 - Joint Ventures

The following is the activity undertaken jointly with another municipality. This activity is excluded from the financial statements of the participating municipalities. Separate financial statements are issued for this joint venture and may be obtained from their administrative office.

The County of Tompkins and the County of Cortland jointly own the Tompkins Cortland Community College. The venture operates under the terms of an agreement dated 1965 under provisions of Article 126 of the Education Law. The agreement is for an indefinite period of time. Significant provisions of the agreement are as follows:

- The College is administered by a Board of Trustees consisting of nine voting members; five of whom are appointed by the Legislative Boards of the two counties under an apportionment made between the two counties by the State University Trustee, and four by the Governor.
- Ownership of existing capital facilities and capital expenses are shared in the following ratios:

County of Tompkins	68%
County of Cortland	32%
- The governing body has established that the County of Tompkins and the County of Cortland will each provide 30% of the operational costs of the College. Subsidies to meet operational expenses are shared in the ratio of resident students in attendance.

COUNTY OF TOMPKINS
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

The Counties of Tompkins and Cortland have agreed to a liability for bonds payable. As of December 31, 2005, principal outstanding relating to the Tompkins County bonding is \$4,070,482.

Cortland County is responsible for 36% of the bond payable. Tompkins County reports 100% of the debt in its Statement of Net Assets and also reports a receivable for the 36% in "securities and mortgages" in its Debt Service Fund.

- The financial statements of the College are independently audited annually. The following is an audited summary of financial information included in financial statements for the joint venture, (combined funds) as of August 31, 2005:

Total Assets	\$ 29,174,520
Total Liabilities and Deferred Revenue	15,918,201
Joint Venture Equity	13,256,319
Total Revenues	29,002,625
Total Expenses	28,592,911

The following is the activity undertaken jointly with another municipality and a university. This activity is excluded from the financial statements of the participating municipalities. Separate financial statements are issued for this joint venture.

The Tompkins Consolidated Area Transit (TCAT) was formed under a consolidation agreement between the City of Ithaca, Tompkins County, and Cornell University effective April 1, 1998. The agreement shall remain in force until October 9, 2021. TCAT began operations on January 1, 1999, with its purpose to provide public transportation in Tompkins County and surrounding areas. As of January 1, 2005 TCAT was reorganized as a 501(c)(3). However, the structure of the Board, and the interest of each party was not changed. Significant provisions of the agreement are as follows:

- TCAT is governed by a Board of Directors consisting of nine voting members with three members being appointed by each participant in the venture. The General Manager of TCAT is a non-voting ex-officio member of the Board. In addition, the nine voting members of the Board select five additional non-voting, ex-officio members.
- Interest of each party in surpluses, losses, property, and in debt acquired by TCAT shall be shared equally.
- Each party makes an annual contribution of equal amounts to the venture. The County's contribution for 2005 was \$605,281. Its contribution for 2006 will be \$701,180.
- The financial statements of TCAT are independently audited annually and may be obtained from their administrative office. The following is an audited summary of financial information included in financial statements for the joint venture as of December 31, 2005:

Total Assets	\$ 8,657,312
Total Liabilities	2,963,618
Joint Venture Equity	5,693,694
Total Revenues	9,506,714
Total Expenses	9,553,986

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 4 - Contingencies

As described in Note 3, the County is a partner in TCAT, a joint venture, and shares equally in surpluses or losses. The County may, in the future, be required to provide additional resources to finance its share of any operating deficits of TCAT.

The County of Tompkins is a defendant in several tax certiorari claims brought by large taxpayers in an attempt to reduce their real property value assessments. These lawsuits result from a county-wide reappraisal of property assessments performed in 2000. The County's attorney in the defense of these cases has expressed the opinion that the impact of the settlement of these cases has the potential to be substantial but is not predictable.

The County of Tompkins is a defendant in several tort claims. The County is self-insured for the amounts claimed, and is paying for the defense of these cases. It maintains reserves, in amounts recommended by its insurance administrator, which it considers adequate to cover potential settlements or damages awarded. As of December 31, 2005, the County has reserved \$1,174,898 for unreported claims which is included in retained earnings in the Internal Service Fund.

Note 5 - Sales Tax

The County, under the general authority of Article 29 of the Tax Law, imposes a 3% sales tax in the towns outside the City of Ithaca, and a 1½% sales tax within its boundaries. Both the County and City-imposed tax is administered and collected by the State Tax Commission in the same manner as that relating to the State's imposed 4% sales and compensating use tax. Net collections, meaning monies collected after deducting therefrom expenses and amounts refunded or to be refunded, but inclusive to any applicable penalties and interest, are paid by the State to the County and City, respectively. The County received \$38,595,658 in County imposed sales tax, an amount equal to 50% of total collections and excluding the amount paid directly to the city.

The County's share amounted to \$26,837,390 in fiscal year 2005. The balance of \$11,758,268 was divided among the towns based upon population as determined by the 2000 census. The towns' share is divided and allocated between incorporated villages and the area of the towns outside said villages, on the basis of population. All of the villages and four towns are paid their total share in cash. Two towns receive a portion of their share in cash.

The County retains the total share of three towns and a portion of two towns. The amounts retained by the County are applied to the taxes to be levied for County purposes in the respective towns and any remaining balance is used to reduce the respective towns' tax levy.

During 1992, the State Legislature granted authority to increase the County sales tax rate from 3% to 4%. The new taxing authority became effective December 1, 1992, and was authorized through November 30, 2007.

Note 6 - Transactions with Discretely Presented Component Units

The County of Tompkins contributed \$2,169,999 and \$100,000 to the Tompkins County Public Library and the Tompkins County Soil and Water Conservation District, respectively. Additionally, the Library's facilities are owned by the County and provided to the Library at no charge. The County provided \$368,793 worth of utilities, insurance, cleaning and maintenance and repairs; and \$470,000 worth of debt service on the building occupied by the Library.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

Note 7 - Subsequent Events

A. Bond Anticipation Notes

Subsequent to December 31, 2005, the County redeemed \$11,195,000 of outstanding BANs by converting \$7,020,000 of the notes to Bonds, and issuing a \$420,000 renewal BAN. Additionally, the County converted a maturing \$2,150,000 BAN into permanent financing by executing a \$3,040,000 14-year equipment lease for an Energy Performance Contract. Also, the County secured \$8,000,000 of new monies for the Public Safety Communications System by executing a 10-year equipment lease.

B. Tax Collection Settlement

Effective with the 2006 Town/County Tax Levy, the County changed the date of return of the Town tax collection settlement from June 1 to April 1.

Note 8 - Net Assets - Statement of Net Assets

Of the \$33,920,405 reported as unrestricted net assets of the governmental activities in the Government-wide Statement of Net Assets, the County Legislature has designated funds to be set aside for certain purposes or contingencies, as follows:

Unrestricted Net Assets	\$ 33,920,405
Designated for:	
Ensuing year's budget:	
General Fund	3,388,044
Transportation Fund	53,100
Carry-over of prior year's commitments (encumbrances)	1,854,767
Repairs and replacements	521,900
Capital projects pursuant to adopted capital program	5,225,510
Self insurance	1,587,799
Equity interest in joint venture, net of related debt	<u>13,546,410</u>
Total Designated Net Assets	<u>26,177,530</u>
Unrestricted, Undesignated Net Assets	<u>\$ 7,742,875</u>

Note 9 - Prior Period Adjustment

Fund Balance and net assets as of December 31, 2004 have been restated by \$683,778 in the General Fund and \$683,778 in the TTASC Debt Service Fund, for a total of \$1,367,556 to accrue the 2005 tobacco settlement receipt in accordance with GASB Technical Bulletin No. 2004-1, Tobacco Settlement Recognition and Financial Reporting Entity Issues. As a result, the Tompkins Tobacco Asset Securitization Corporation began recognizing tobacco settlement revenue based on the date of domestic shipments of cigarettes.

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Final Budget
<u>REVENUES</u>		
Real property taxes	\$ 30,160,560	\$ 30,165,698
Real property tax items	1,100,000	1,100,000
Nonproperty tax items	30,259,805	30,479,469
Departmental income	10,549,322	11,143,025
Intergovernmental charges	140,960	141,010
Use of money and property	643,301	653,105
Licenses and permits	2,500	2,500
Fines and forfeitures	200,300	248,300
Sale of property and compensation for loss	600,000	616,446
Miscellaneous local sources	1,695,669	1,862,356
Interfund revenues	633,443	640,761
State sources	23,211,560	24,270,378
Federal sources	12,617,649	13,541,393
Total Revenues	111,815,069	114,864,441
<u>EXPENDITURES</u>		
Current:		
General governmental support	12,970,837	13,866,674
Education	5,807,392	6,274,255
Public safety	12,694,010	13,892,654
Health	16,755,386	16,889,436
Transportation	4,319,929	4,774,707
Economic assistance and opportunity	46,608,866	46,504,130
Culture and recreation	3,843,404	4,049,171
Home and community services	1,331,190	1,510,769
Employee benefits		603,793
Total Expenditures	104,331,014	108,365,589
Excess of Revenues (Expenditures)	7,484,055	6,498,852
<u>OTHER FINANCING SOURCES (USES)</u>		
Interfund transfers in		
Interfund transfers (out)	(10,367,419)	(11,125,277)
Total Other Financing Sources (Uses)	(10,367,419)	(11,125,277)
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	(2,883,364)	(4,626,425)
Appropriated Fund Balances	2,883,364	4,626,425
Net Increase (Decrease)	\$ -0-	\$ -0-

Fund Balances, Beginning of Year, Restated

Fund Balances, End of Year

See Independent Auditor's Report

Actual	Encumbrances	Variance Favorable (Unfavorable)
\$ 30,207,467	\$	\$ 41,769
1,116,793		16,793
31,824,150		1,344,681
10,767,222		(375,803)
346,634		205,624
1,133,723		480,618
2,846		346
263,250		14,950
768,292		151,846
1,205,246		(657,110)
332,590		(308,171)
22,746,478		(1,523,900)
14,223,172		681,779
114,937,863	-0-	73,422
12,954,568	219,222	692,884
6,274,255		-0-
13,097,662	295,051	499,941
15,851,684	67,158	970,594
4,626,447		148,260
43,642,180	386,981	2,474,969
4,037,953	8,785	2,433
1,233,303	97,429	180,037
603,693		100
102,321,745	1,074,626	4,969,218
12,616,118	(1,074,626)	5,042,640
		-0-
(10,802,048)		323,229
(10,802,048)	-0-	323,229
1,814,070	\$ (1,074,626)	\$ 5,365,869
1,814,070		
15,635,017		
\$ 17,449,087		

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 COUNTY ROAD FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>
<u>REVENUES</u>		
Intergovernmental charges	\$ 222,381	\$ 222,381
Use of money and property		
Licenses and permits	14,000	14,000
Sale of property and compensation for loss	500	500
Miscellaneous local sources	98,000	98,000
Interfund revenues		
State sources	1,303,021	1,303,021
Federal sources	80,000	80,000
Total Revenues	<u>1,717,902</u>	<u>1,717,902</u>
<u>EXPENDITURES</u>		
Current:		
Public safety	267,964	303,410
Transportation	5,683,888	5,921,157
Employee benefits	635,043	658,551
Total Expenditures	<u>6,586,895</u>	<u>6,883,118</u>
Excess of Revenues (Expenditures)	<u>(4,868,993)</u>	<u>(5,165,216)</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Interfund transfers in	4,868,993	5,123,622
Interfund transfers (out)		
Total Other Financing Sources (Uses)	<u>4,868,993</u>	<u>5,123,622</u>
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	<u>-0-</u>	<u>(41,594)</u>
Appropriated Fund Balances	<u>-0-</u>	<u>41,594</u>
Net Increase (Decrease)	<u>\$ -0-</u>	<u>\$ -0-</u>
Fund Balances, Beginning of Year		
Fund Balances, End of Year		

See Independent Auditor's Report

Actual	Encumbrances	Variance Favorable (Unfavorable)
\$ 266,493	\$	\$ 44,112
2,376		2,376
13,830		(170)
2,823		2,323
7,062		(90,938)
7,212		7,212
1,328,416		25,395
24,748		(55,252)
1,652,960	-0-	(64,942)
269,797	33,613	-0-
5,226,151	625,944	69,062
658,550		1
6,154,498	659,557	69,063
(4,501,538)	(659,557)	4,121
5,123,622		-0-
		-0-
5,123,622	-0-	-0-
622,084	\$ (659,557)	\$ 4,121
-0-		
622,084		
903,543		
\$ 1,525,627		

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 TRANSPORTATION
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Final Budget
<u>REVENUES</u>		
Departmental income	\$ 1,224,779	\$ 1,224,779
Intergovernmental charges	500	500
Use of money and property	955,796	1,018,296
Sale of property and compensation for loss	1,500	1,500
Miscellaneous local sources	1,000	6,000
State sources		50,000
Federal sources		
Total Revenues	2,183,575	2,301,075
<u>EXPENDITURES</u>		
Current:		
Transportation	1,671,417	1,809,265
Employee benefits	233,162	241,755
Total Expenditures	1,904,579	2,051,020
Excess of Revenues (Expenditures)	278,996	250,055
<u>OTHER FINANCING SOURCES (USES)</u>		
Interfund transfers in		
Interfund transfers (out)	(278,996)	(256,996)
Total Other Financing Sources (Uses)	(278,996)	(256,996)
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	-0-	(6,941)
Appropriated Fund Balances		6,941
Net Increase (Decrease)	\$ -0-	\$ -0-
Fund Balances, Beginning of Year		
Fund Balances, End of Year		

See Independent Auditor's Report

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 1,223,027	\$	\$ (1,752)
		(500)
975,562		(42,734)
8,794		7,294
6,770		770
50,000		-0-
		-0-
2,264,153	-0-	(36,922)
1,802,388	6,877	-0-
241,755		-0-
2,044,143	6,877	-0-
220,010	(6,877)	(36,922)
		-0-
(256,996)		-0-
(256,996)	-0-	-0-
(36,986)	\$ (6,877)	\$ (36,922)
-0-		
(36,986)		
301,513		
\$ 264,527		

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 SOLID WASTE
FOR THE YEAR ENDED DECEMBER 31, 2005

	Original Budget	Final Budget
<u>REVENUES</u>		
Departmental income	\$ 4,168,081	\$ 4,168,081
Use of money and property		
Sale of property and compensation for loss	680,639	879,639
Miscellaneous local sources	21,200	21,200
Interfund revenues	12,000	12,000
State sources	27,500	27,500
Total Revenues	4,909,420	5,108,420
<u>EXPENDITURES</u>		
Current:		
Home and community services	3,553,403	3,786,280
Employee benefits	197,585	199,039
Total Expenditures	3,750,988	3,985,319
Excess of Revenues (Expenditures)	1,158,432	1,123,101
<u>OTHER FINANCING SOURCES (USES)</u>		
Interfund transfers in		
Interfund transfers (out)	(1,158,432)	(1,158,432)
Total Other Financing Sources (Uses)	(1,158,432)	(1,158,432)
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	-0-	(35,331)
Appropriated Fund Balances		35,331
Net Increase (Decrease)	\$ -0-	\$ -0-
Fund Balances, Beginning of Year		
Fund Balances, End of Year		

See Independent Auditor's Report

Actual	Encumbrances	Variance Favorable (Unfavorable)
\$ 4,308,003	\$	\$ 139,922
20,950		20,950
894,262		14,623
32,952		11,752
		(12,000)
35,789		8,289
5,291,956	-0-	183,536
3,733,638	41,919	10,723
198,698		341
3,932,336	41,919	11,064
1,359,620	(41,919)	194,600
		-0-
(1,158,432)		-0-
(1,158,432)	-0-	-0-
201,188	\$ (41,919)	\$ 194,600
-0-		
201,188		
1,412,919		
\$ 1,614,107		

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 SPECIAL GRANT
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>
<u>REVENUES</u>		
Departmental income	\$ 609,637	\$ 609,637
Miscellaneous local sources	_____	_____
Interfund revenues	_____	40,830
State sources	40,830	_____
Federal sources	934,418	1,186,282
Total Revenues	<u>1,584,885</u>	<u>1,836,749</u>
<u>EXPENDITURES</u>		
Current:		
Economic assistance and opportunity	1,587,795	1,187,220
Home and community services	_____	649,529
Debt service (principal and interest)	_____	_____
Total Expenditures	<u>1,587,795</u>	<u>1,836,749</u>
Excess of Revenues (Expenditures)	<u>(2,910)</u>	<u>-0-</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Interfund transfers in	_____	_____
Interfund transfers (out)	_____	_____
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>-0-</u>
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	<u>(2,910)</u>	<u>-0-</u>
Appropriated Fund Balances	<u>2,910</u>	_____
Net Increase (Decrease)	<u>\$ -0-</u>	<u>\$ -0-</u>
Fund Balances, Beginning of Year		
Fund Balances, End of Year		

See Independent Auditor's Report

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 553,041	\$	\$ (56,596)
27,942		27,942
		(40,830)
1,500		1,500
1,268,304		82,022
1,850,787	-0-	14,038
1,084,959		102,261
649,529		-0-
1,734,488	-0-	102,261
116,299	-0-	116,299
		-0-
		-0-
-0-	-0-	-0-
116,299	\$ -0-	\$ 116,299
116,299		
874,153		
\$ 990,452		

COUNTY OF TOMPKINS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2005

Note 1 - Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles for the General, County Road, Road Machinery, Transportation, Special Grant, Solid Waste, and Debt Service Funds. 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 an expenditure in the GAAP based financial statement, but reserve a portion of the applicable appropriation, thereby ensuring that the appropriations are not exceeded. The accompanying Budgetary Comparison Schedules for the General, County Road, Transportation, Special Grant, and Solid Waste Funds present comparisons of the legally adopted budget with actual data.

Note 2 - Reconciliation of the General Fund Budget Basis to GAAP

No adjustment is necessary to convert excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis as there were no encumbrances added to the actual expenditures recorded in the budgetary comparison schedules.

COUNTY OF TOMPKINS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	Special Revenue Fund	Capital Projects Funds		
	Road Machinery Fund	TCAT Fund	General Government Fund	Transportation Fund
<u>ASSETS</u>				
Assets:				
Cash and cash equivalents - Unrestricted	\$ 239,861	\$ 208,744	\$ 3,593	\$ 130
- Restricted			3,556,083	
Due from other funds	250,688		15,375	641
Due from state and federal governments				1,010,127
Other receivables, net	3,100			4,638
Prepaid expenses	5,867			
 Total Assets	 \$ 499,516	 \$ 208,744	 \$ 3,575,051	 \$ 1,015,536
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 5,391	\$	\$ 112,909	\$ 502,675
Accrued liabilities	16,490			
Due to other funds	52,942		90,110	683,661
Retained percentages			574	248,474
 Total Liabilities	 74,823	 -0-	 203,593	 1,434,810
Fund Balances:				
Fund Balances - Reserved:				
Encumbrances	\$ 67,257	\$	\$	\$
Total Reserved	67,257	-0-	-0-	-0-
Fund Balances - Unreserved, Reported in:				
Special Revenue Funds	357,436			
Capital Projects Funds		208,744	3,371,458	(419,274)
Debt Service Funds				
Total Fund Balances	424,693	208,744	3,371,458	(419,274)
 Total Liabilities and Fund Balances	 \$ 499,516	 \$ 208,744	 \$ 3,575,051	 \$ 1,015,536

See Independent Auditor's Report

Capital Projects Funds				Debt Service Fund	Total Non-Major Governmental Funds
Public Safety Fund	Home and Community Services Fund	Public Health Fund	Education Fund	TTASC Fund	
\$ 917,157	\$ 31,788	\$	\$	\$ 273,615	\$ 1,674,888
9,456,552	968,386	181,241	3,673,244	657,898	18,493,404
	144,439	4,609	6,000		421,752
					1,010,127
				629,447	637,185
				3,958	9,825
<u>\$ 10,373,709</u>	<u>\$ 1,144,613</u>	<u>\$ 185,850</u>	<u>\$ 3,679,244</u>	<u>\$ 1,564,918</u>	<u>\$ 22,247,181</u>
\$ 37,064	\$ 31,788	\$	\$	\$	\$ 689,827
					16,490
829,522				6,000	1,662,235
50,571					299,619
917,157	31,788	-0-	-0-	6,000	2,668,171
\$ 4,531	\$	\$	\$	\$	\$ 71,788
4,531	-0-	-0-	-0-	-0-	71,788
					357,436
9,452,021	1,112,825	185,850	3,679,244		17,590,868
				1,558,918	1,558,918
9,456,552	1,112,825	185,850	3,679,244	1,558,918	19,579,010
<u>\$ 10,373,709</u>	<u>\$ 1,144,613</u>	<u>\$ 185,850</u>	<u>\$ 3,679,244</u>	<u>\$ 1,564,918</u>	<u>\$ 22,247,181</u>

COUNTY OF TOMPKINS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Special	Capital Projects Funds		
	Revenue			
	Fund			
	Road	TCAT	General	Transportation
	Machinery	Fund	Government	Fund
	Fund		Fund	Fund
<u>REVENUES</u>				
Intergovernmental charges	\$	\$ 1,100	\$ 5,000	\$
Use of money and property	1,030	3,867	67,631	11,563
Sale of property and compensation for loss	53,224			
Miscellaneous local sources				14,096
Interfund revenues	1,255,083			
State sources		477,084		203,764
Federal sources		170,783		5,873,203
Total Revenues	<u>1,309,337</u>	<u>652,834</u>	<u>72,631</u>	<u>6,102,626</u>
<u>EXPENDITURES</u>				
General governmental support				
Education				
Public safety				
Transportation	1,007,657			
Home and community services				
Employee benefits	86,111			
Debt service (principal and interest)				
Capital outlay		650,063	2,151,191	7,808,811
Total Expenditures	<u>1,093,768</u>	<u>650,063</u>	<u>2,151,191</u>	<u>7,808,811</u>
Excess of Revenues (Expenditures)	<u>215,569</u>	<u>2,771</u>	<u>(2,078,560)</u>	<u>(1,706,185)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Interfund transfers in		86,953	121,700	603,579
Interfund transfers (out)				
Proceeds of obligations			2,150,000	525,000
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>86,953</u>	<u>2,271,700</u>	<u>1,128,579</u>
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	<u>215,569</u>	<u>89,724</u>	<u>193,140</u>	<u>(577,606)</u>
Fund Balances, Beginning of Year, Restated	<u>209,124</u>	<u>119,020</u>	<u>3,178,318</u>	<u>158,332</u>
Fund Balances, End of Year	<u>\$ 424,693</u>	<u>\$ 208,744</u>	<u>\$ 3,371,458</u>	<u>\$ (419,274)</u>

See Independent Auditor's Report

Capital Projects Funds				Debt Service Fund	Total Non-Major Governmental Funds
Public Safety Fund	Home and Community Services Fund	Public Health Fund	Education Fund	TTASC Fund	
\$	\$	\$	\$	\$	\$
150,921	29,051		13,708	50,539	6,100
					328,310
82,317				634,658	53,224
					731,071
					1,255,083
					680,848
					6,043,986
233,238	29,051	-0-	13,708	685,197	9,098,622
				132,430	132,430
					-0-
					-0-
					1,007,657
					-0-
					86,111
				622,233	622,233
556,948	91,310		620,000		11,878,323
556,948	91,310	-0-	620,000	754,663	13,726,754
(323,710)	(62,259)	-0-	(606,292)	(69,466)	(4,628,132)
1,500,000	77,255		4,285,502		6,674,989
(606,666)				(3,665,502)	(4,272,168)
6,000,000				3,756,911	12,431,911
6,893,334	77,255	-0-	4,285,502	91,409	14,834,732
6,569,624	14,996	-0-	3,679,210	21,943	10,206,600
2,886,928	1,097,829	185,850	34	1,536,975	9,372,410
\$ 9,456,552	\$ 1,112,825	\$ 185,850	\$ 3,679,244	\$ 1,558,918	\$ 19,579,010

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& Company, LLP**

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.
John E. Little, C.P.A.

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

County Legislature
County of Tompkins
Ithaca, New York

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tompkins as of and for the year ended December 31, 2005, which collectively comprise the County of Tompkins basic financial statements and have issued our report thereon dated April 14, 2006. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Tompkins' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

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This report is intended for the information of the County Legislature, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cischi, Dietrichsagen, Hittler, Milakovic & Company, LLP

April 14, 2006
Ithaca, New York

John H. Dietershagen, C.P.A.
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John E. Little, C.P.A.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

County Legislature
County of Tompkins
Ithaca, New York

Compliance

We have audited the compliance of the County of Tompkins with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005. The County of Tompkins' major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County of Tompkins' management. Our responsibility is to express an opinion on County of Tompkins' compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Tompkins' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County of Tompkins' compliance with those requirements.

In our opinion, the County of Tompkins complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the County of Tompkins is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County of Tompkins' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the County Legislature, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rischi, Dietrichhagen, Fittler, Minkler & Company, LLP

April 14, 2006
Ithaca, New York

COUNTY OF TOMPKINS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/ Pass Through Grantor/ Program Title	Federal Catalog #	Pass-Through Grantor #	Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Program:			
School Breakfast Program	10.553	N/A	\$ 3,712
National School Lunch Program	10.555	N/A	5,705
Soil and water conservation	10.902	N/A	41,574
Passed Through NYS Department of Social Services:			
Food Stamps	10.551	(1)	6,168,592
Passed Through NYS Health Department:			
Special Supplemental Nutrition Program for Women, Infants, and Children - Administration	10.557	C019318	311,683
Special Supplemental Nutrition Program for Women, Infants, and Children - Food Instruments	10.557	(1)	863,803
Passed Through Cortland County Soil and Water Conservation District:			
Resource Conservation and Development	10.901	(1)	51,000
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>7,446,069</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program:			
Community Development Block Grants - Small Cities Program	14.219	N/A	619,246
Passed Through NYS Governor's Office for Small Cities:			
Community Development Block Grants - State's Program	14.228	(1)	30,284
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>649,530</u>
<u>U.S. Department of Justice</u>			
Direct Program:			
Bulletproof Vest Partnership Program	16.607	N/A	1,533
Passed Through NYS Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	C301166	16,808
Violence Against Women Formula Grants	16.588	C546236	683
Violence Against Women Formula Grants	16.588	C546237	21,477
Violence Against Women Formula Grants	16.588	C546237M	18,373
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>58,874</u>
<u>U.S. Department of Labor</u>			
Passed Through NYS Office for the Aging:			
Senior Community Service Employment Program	17.235	(1)	26,659
Passed Through NYS Department of Labor:			
Trade Adjustment Assistance Workers	17.245	(1)	55,629
Welfare-to-Work Grants to States and Localities	17.253	(1)	50,704
WIA Adult Program	17.258	(1)	129,796
WIA Youth Activities	17.259	(1)	401,239
WIA Dislocated Workers	17.260	(1)	220,736
Passed Through National Retail Federation:			
Employment and Training Admin. Pilots, Demonstrations and Research Program	17.261	(1)	5,659
Work Incentives Program	17.266	(1)	26,945
TOTAL U.S. DEPARTMENT OF LABOR			<u>917,367</u>
Subtotal Expenditures of Federal Awards			<u>9,071,840</u>

N/A - Denotes Not Applicable (Direct Program)

(1) - Denotes unable to obtain from Pass-Through Entity

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TOMPKINS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/ Pass Through Grantor/ Program Title	Federal Catalog #	Pass-Through Grantor #	Expenditures
Subtotal Expenditures of Federal Awards Brought Forward			\$ <u>9,071,840</u>
<u>U.S. Department of Transportation</u>			
Direct Programs:			
Airport Improvement Program	20.106	N/A	4,996,655
Federal Transit - Capital Investment Grants	20.500	N/A	21,602
Federal Transit - Formula Grants	20.507	N/A	800,774
Formula Grants for Other than Urbanized Areas	20.509	N/A	68,428
Passed Through NYS Department of Transportation:			
Highway Planning and Construction	20.205	(1)	876,550
Federal Transit - Metropolitan Planning Grants	20.505	C002485	227,157
Passed Through NYS Department of Motor Vehicles:			
State and Community Highway Safety	20.600	PT5500084	8,896
State and Community Highway Safety	20.600	CS5500075	10,580
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>7,010,642</u>
<u>Environmental Protection Agency</u>			
Passed Through NYS Health Department:			
State Indoor Radon Grants	66.032	C018980	4,498
State Public Water System Supervision	66.432	(1)	165,000
Surveys, Studies, Investigations and Special Purpose Grants	66.606	(1)	179,327
TOTAL ENVIRONMENTAL PROTECTION AGENCY			<u>348,825</u>
<u>U.S. Department of Education</u>			
Passed through NYS Department of Health:			
Adult Education - State Grant Program	84.002A		21,286
Special Education - Grants for Infants and Families with Disabilities	84.181A	C017634	58,886
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>80,172</u>
<u>U.S. Department of Health and Human Services</u>			
Passed Through NYS Office for the Aging:			
Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.042	(1)	9,430
Title III-D, Disease Prevention and Health Promotion Services	93.043	(1)	5,109
Title III-B, Grants for Supportive Services and Senior Centers	93.044	(1)	69,344
Title III-C, Nutrition Services	93.045	(1)	118,256
Special Programs for Aging - Discretionary Projects	93.048	(1)	6,500
National Family Caregiver Support	93.052	(1)	34,677
Nutrition Services Incentive	93.053	(1)	95,996
Low-Income Home Energy Assistance	93.568	(1)	27,048
Centers for Medicare and Medical Services Research, Demonstrations and Evaluations	93.779	(1)	11,801
State Pharmaceutical Assistance Programs	93.786	(1)	42,955
Subtotal U.S. Department of Health and Human Services			<u>421,116</u>
Subtotal Expenditures of Federal Awards			<u>16,932,595</u>

N/A - Denotes Not Applicable (Direct Program)

(1) - Denotes unable to obtain from Pass-Through Entity

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TOMPKINS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/ Pass Through Grantor/ Program Title	Federal Catalog #	Pass-Through Grantor #	Expenditures
Subtotal Expenditures of Federal Awards Brought Forward			\$ <u>16,932,595</u>
 <u>U.S. Department of Health and Human Services (con't.)</u>			
Subtotal U.S. Department of Health and Human Services Brought Forward			421,116
Passed Through NYS Health Department:			
Immunization Grants	93.268	(1)	30,227
Drug-Free Communities Support Program Grants	93.276	(1)	88,350
Centers for Disease Control and Prevention -			
Investigations and Technical Assistance	93.283	001626-03	111,168
Investigations and Technical Assistance	93.283	001626-04	16,943
Medical Assistance Program	93.778	(1)	
Maternal and Child Health Services Block Grant to the States	93.994	C017634	22,795
Maternal and Child Health Services Block Grant to the States	93.994	C020635	21,643
Maternal and Child Health Services Block Grant to the States	93.994	C016119	44,482
Passed Through NYS Mental Health Department:			
Projects for Assistance in Transition from Homelessness	93.150	(1)	36,620
Medical Assistance Program	93.778	(1)	201,063
Block Grants for Community Mental Health Services	93.958	(1)	78,700
Passed Through NYS Department of Social Services:			
Temporary Assistance to Needy Families	93.558	(1)	4,357,497
Child Support Enforcement	93.563	(1)	317,047
Refugee and Entrant Assistance - State Administered Programs	93.566	(1)	1,460
Low-Income Home Energy Assistance	93.568	(1)	1,694,686
Child Care and Development Block Grant	93.575	(1)	1,867,936
Foster Care - Title IV-E	93.658	(1)	1,145,607
Adoption Assistance	93.659	(1)	1,192,663
Social Services Block Grant	93.667	(1)	2,838,262
Chafee Foster Care Independent Living	93.674	(1)	92,026
State Children's Insurance Program	93.767	(1)	15,599
Medical Assistance Program	93.778	(1)	1,207,197
Passed Through NYS Department of Transportation:			
Temporary Assistance to Needy Families	93.558	(1)	16,303
Passed Through NYS State Office of Alcoholism and Substance Abuse Services:			
Medical Assistance Program	93.778	(1)	7,627
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(1)	<u>382,988</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>16,210,005</u>
Subtotal Expenditures of Federal Awards			<u>32,721,484</u>

N/A - Denotes Not Applicable (Direct Program)

(1) - Denotes unable to obtain from Pass-Through Entity

See Independent Auditors' Report and Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TOMPKINS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/ Pass Through Grantor/ Program Title	Federal Catalog #	Pass-Through Grantor #	Expenditures
Subtotal Expenditures of Federal Awards Brought Forward			\$ <u>32,721,484</u>
<u>U.S. Department of Health and Human Services (con't.)</u>			
Subtotal U.S. Department of Health and Human Services Brought Forward			16,210,005
Passed Through NYS Department of Labor:			
Temporary Assistance to Needy Families	93.558	(1)	<u>133,050</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		(1)	<u>16,343,055</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through NYS Division of Criminal Justice Services:			
State and Local Homeland Security Exercise Support	97.006	C836240	<u>40,000</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>40,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u><u>32,894,534</u></u>

N/A - Denotes Not Applicable (Direct Program)

(1) - Denotes unable to obtain from Pass-Through Entity

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

COUNTY OF TOMPKINS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2005

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the County of Tompkins, an entity as defined in Note 1 to the County's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 - Basis of Accounting

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the basic financial statements.

Note 3 - Indirect Costs

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented.

Note 4 - Matching Costs

Matching costs, i.e., the County's share of certain program costs, are not included in the reported expenditures.

Note 5 - Department of Social Services - Administrative Costs

Differences between the amounts reflected in the Schedule of Expenditures of Federal Awards and the Department of Social Services' Federal Financial Reports (RF-2 claims) are due to the allocation of administrative costs to the individual programs.

Note 6 - Non-Monetary Federal Program

The County is the recipient of federal financial assistance programs that do not result in cash receipts or disbursements, termed "non-monetary programs." During the year ended December 31, 2005, Tompkins County distributed \$6,168,592 worth of food stamps to eligible persons participating in the Food Stamp Program (CFDA Number 10.551) and \$863,803 worth of food instruments to eligible persons participating in the Special Supplemental Food Program for Women, Infants and Children (WIC) (CFDA Number 10.557).

COUNTY OF TOMPKINS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2005

Section I - **Summary of Auditor's Results:**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes no

Reportable condition(s) identified that are not considered to be material weakness(es)? _____ yes none reported

Noncompliance material to financial statements noted? _____ yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes no

Reportable condition(s) identified that are not considered to be material weakness(es)? _____ yes none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ yes no

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.219	Community Development Block Grant - Small Cities Program
17.258/17.259/17.260	WIA Cluster
20.106	Airport Improvement Program
20.505	Metropolitan Planning Grants
93.568	Low-Income Home Energy Assistance
93.659	Adoption Assistance
93.658	Foster Care - Title IV-E

Dollar threshold used to distinguish between type A and type B programs \$986,836

Auditee qualified as low-risk auditee: yes no

Section II - **Financial Statement Findings:** None

Section III - **Federal Award Findings and Questioned Costs:** None