

COUNTY OF TOMPKINS

Ithaca, New York

FINANCIAL REPORT

December 31, 2008

COUNTY OF TOMPKINS

FOR THE YEAR ENDED DECEMBER 31, 2008

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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, 2008, 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, 2008, 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.

During the year ended December 31, 2008, the County of Tompkins implemented GASB Statement Number 45, "Accounting and Financial Reporting by Employers for Other Postemployment Benefits Other than Pensions."

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2009 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 is important for assessing the results of our audit.

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The Management's Discussion and Analysis, Budgetary Comparison Schedules for the General, County Road, Transportation, Solid Waste, and Special Grant Funds, and Schedule of Funding Progress 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 51 through 52a 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.



August 12, 2009
Ithaca, New York

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2008

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, 2008. 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 \$155,001,296 (net assets). Of this amount, \$36,325,817 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- During 2008, the County adopted Governmental Accounting Standards Board (GASB) Statement 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This statement requires the County to record liability for a portion of the Actuarial Accrued Liability.
- The County's overall net assets increased by \$3,004,377, or 2.0%, while unrestricted net assets decreased by \$(1,438,843), or 3.8%.
- During the year, the County had revenues of \$163,927,241, as compared to \$156,177,463 in 2007. Expenses of \$160,922,864 increased by \$6,395,869, from \$154,526,995 in the prior year. The growth in revenue was primarily due to an increase in capital grants while the growth in expenses was primarily due to the implementation of GASB Statement Number 45, which changes the accounting for other postemployment benefits.
- The County invested almost \$20 million in capital assets during the year. Most of this was invested in Transportation infrastructure.
- The General Fund recorded a decrease of \$(1,109,159) in 2008 and ended the year with a fund balance of \$17,146,654. Of this fund balance, \$1,482,168 was reserved for future expenditures, \$3,488,491 was designated to support the 2009 budget, and \$12,175,995 was unreserved and undesignated.
- The County's long-term obligations at year end totaled \$78,952,777, an increase of \$12,574,945 from 2007 resulting from the issuance of Bond Anticipation Notes to fund capital projects and the implementation of GASB Number 45.

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. Governmental Fund financial statements also report the County's operations in greater 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.

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

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.

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

Governmental Fund Financial Statements

Analysis of the County's Major Funds begins on page 6. The Governmental 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, 2008

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, 2008 increased \$3,004,377, from \$151,996,919 to \$155,001,296. In contrast, last year net assets increased by \$1,650,468.

The largest portion of the County's net assets of \$106,975,487 (69.0%) 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 \$11,699,992 (7.5%) 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 \$36,325,817 (23.5%) may be used to meet the government's ongoing obligations and services to creditors and citizens. Of these net assets, the County has appropriated \$3,488,491 for 2009 expenses and designated another \$30,527,710 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
	Restated 2007	2008	2007 2008
<i>Current assets - County</i>	\$ 45,816,977	\$ 48,236,815	5.3%
<i>Assets - TTASC</i>	1,780,467	1,847,203	3.7%
<i>Capital assets, net</i>	155,101,586	167,825,852	8.2%
<i>Other noncurrent assets - County</i>	31,516,657	29,880,965	-5.2%
Total Assets	234,215,687	247,790,835	5.8%
<i>Current liabilities - County</i>	22,662,198	31,011,013	36.8%
<i>Current liabilities - TTASC</i>	206,048	221,048	7.3%
<i>Noncurrent liabilities - County</i>	48,475,649	50,600,971	4.4%
<i>Noncurrent liabilities - TTASC</i>	10,874,873	10,956,507	0.8%
Total Liabilities	82,218,768	92,789,539	12.9%
<i>Invested in capital assets, net of debt</i>	101,720,384	106,975,487	5.2%
<i>Restricted</i>	12,511,875	11,699,992	-6.5%
<i>Unrestricted</i>	37,764,660	36,325,817	-3.8%
Total Net Assets	\$ 151,996,919	\$ 155,001,296	2.0%

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

The County's total revenues increased by 5.0%, while the total cost of all programs and services increased by 4.1%. While there were no substantive program realignments implemented during the year, the County changed its accounting for other postemployment benefits to comply with GASB Statement Number 45. Our analysis in Figure 2 separately considers the operations of Governmental Activities.

Figure 2 - Changes in Net Assets

	Governmental Activities		Percent Change
	2007	2008	2007 - 2008
REVENUES			
<i>Program Revenues:</i>			
Charges for services	\$ 20,852,511	\$ 22,144,189	6.2%
Operating grants	40,171,966	39,629,950	-1.3%
Capital grants	7,339,902	14,262,959	94.3%
<i>General Revenues:</i>			
Property taxes and tax items	34,026,891	35,379,253	4.0%
Sales and other taxes	44,977,217	46,687,986	3.8%
Tobacco settlement - County	678,964	741,359	9.2%
Tobacco settlement - TTASC	688,854	741,359	7.6%
Unrestricted grants	812,076	748,363	-7.8%
Use of money and property	3,855,121	2,921,062	-24.2%
Change in equity interest in joint ventures	2,057,594	(64,706)	-103.1%
Other	716,367	735,467	2.7%
Total Revenues	156,177,463	163,927,241	5.0%
PROGRAM EXPENSES			
General Government	26,099,133	28,288,373	8.4%
Education	12,774,504	8,714,705	-31.8%
Public Safety	14,341,968	19,781,036	37.9%
Public Health	17,462,455	19,802,859	13.4%
Transportation	22,553,064	18,272,345	-19.0%
Economic Assistance and Opportunity	46,810,130	50,073,870	7.0%
Culture and Recreation	4,995,321	5,159,391	3.3%
Home and Community Services	6,218,604	7,522,495	21.0%
Interest on long-term debt	3,271,816	3,307,790	1.0%
Total Expenses	154,526,995	160,922,864	4.1%
INCREASE IN NET ASSETS	\$ 1,650,468	\$ 3,004,377	82.0%

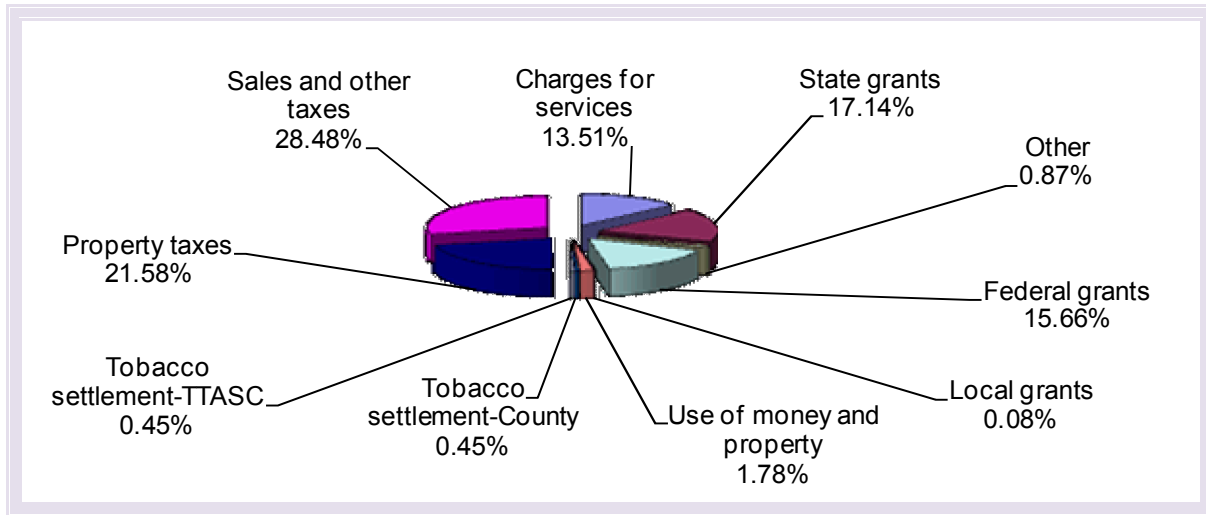
In 2008, net assets increased by \$3.0 million as a result of a variety of positive factors.

Contributing factors on the income side include increases in sales taxes, property taxes and capital project grants. There were substantial decreases in revenues due to lower investment rates and a decline in the financial position of Joint Venture entities.

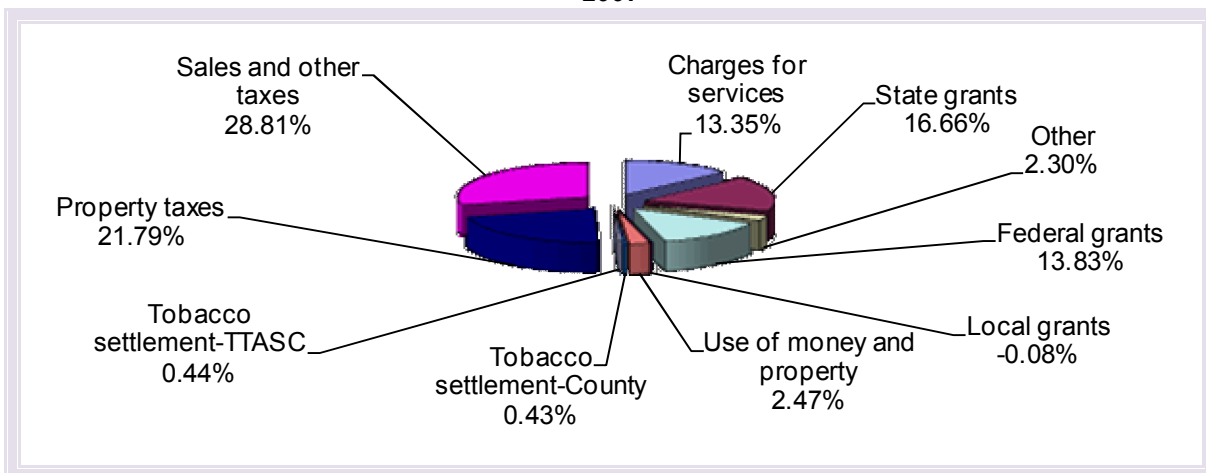
COUNTY OF TOMPKINS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2008

Figures 3 and 4 show in percentages the sources of revenues for 2008 and 2007.

**Figure 3 - Revenue by Source
 Governmental Activities
 2008**



**Figure 4 - Revenue by Source
 Governmental Activities
 2007**



The cost of all Governmental Activities this year was \$160,922,864. 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 \$84,885,766, 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 \$76,037,098. The County paid for the remaining "public benefit" portion of Governmental Activities with \$87,890,143 in taxes and with other revenues, such as interest and general entitlements.

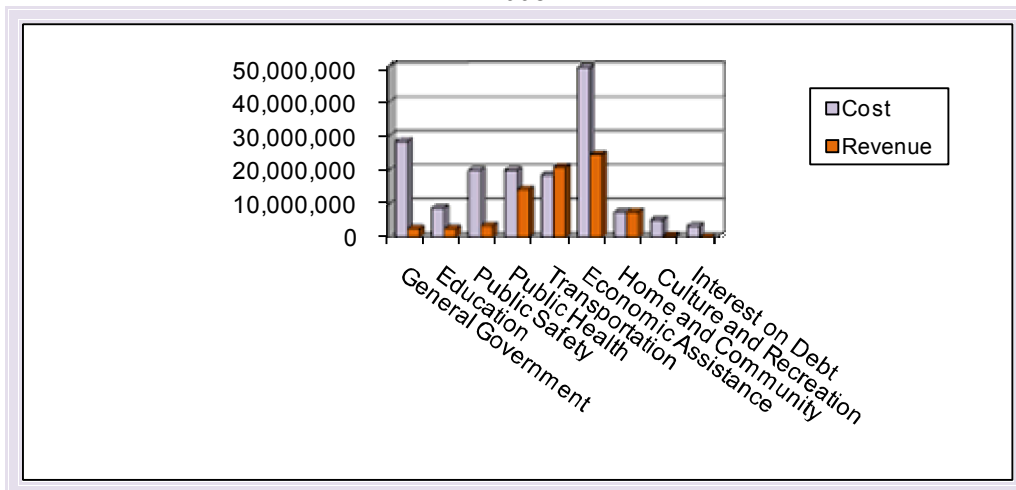
COUNTY OF TOMPKINS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2008

A comparison of program expenses, outlined in Figure 2, highlights the following: General Government program activities reflect an increase of 8% primarily due to growth in fringe benefits. Education expenses decreased substantially as a result of the completion of capital improvements at the community college. Public Safety reflected an increase of approximately \$5.7 million, or 38% because of the completion of the 800MHZ communication system. Public Health reflected an increase of 13.4% primarily as a result of initial development of a new facility for the Health Department.

Program expenses for Transportation were down by \$4 million because during 2007 there were cyclical grants for bus purchases. Economic Assistance and Opportunity expenses reflected an increase of 7% or \$3.2 million, largely as a result of increases in cost of mandated social service programs. Culture and Recreation activities reflected a modest increase of \$2 million or 3.3%, because of cost of living support for library services and contractual salary adjustments. Home and Community activities were up substantially due to Solid Waste programs. Interest on Long-term Debt reflected stability because of the planned phasing of debt issuance for capital projects.

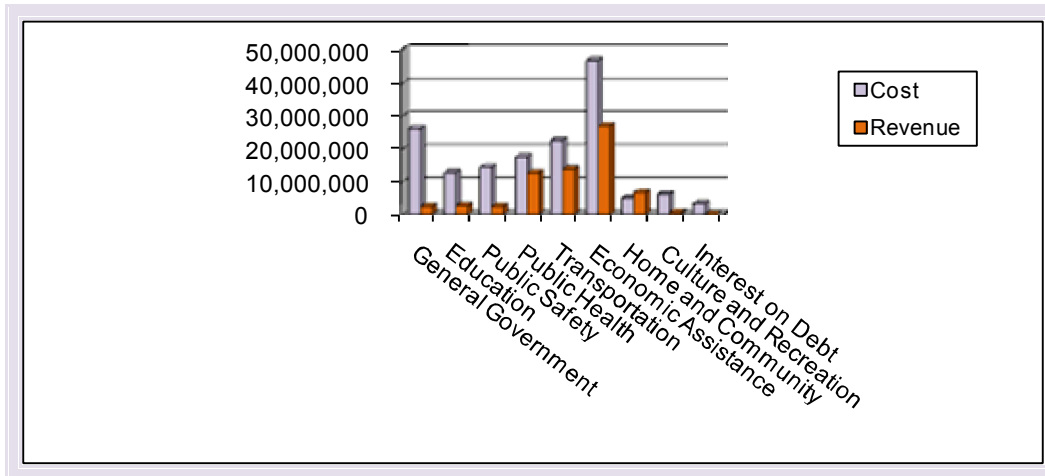
The total cost versus revenue generated by activities for the County's largest programs is presented below. The difference between the cost and revenue shows the relative financial burden placed on the County's taxpayers by each of these functions.

Figure 5 - Net Program Cost
Governmental Activities
2008



COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

**Figure 6 - Net Program Cost
Governmental Activities
2007**



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 \$35,776,536, which is lower than last year's total, largely due to the use of proceeds of debt for capital projects during the year. Of this amount, \$6,018,091 is reserved for future expenditures and \$3,488,491 is designated for 2009 expenditures, leaving \$26,269,954 in unreserved and undesignated fund balances. However, of these fund balances, \$9,087,375 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**

	2007	2008	Dollar Change
Major Funds:			
General Fund	\$ 18,255,813	\$ 17,146,654	\$ (1,109,159)
County Road Fund	2,052,701	2,195,456	142,755
Transportation (Airport) Fund	308,723	275,046	(33,677)
Solid Waste Fund	1,705,719	1,946,673	240,954
Special Grant Fund	1,113,199	1,361,669	248,470
Debt Service Fund	1,881,737	1,544,269	(337,468)
Non-Major Funds:			
Road Machinery Fund	678,106	517,861	(160,245)
TCAT Capital Project Fund	206,493	216,591	10,098
General Government Capital Project Fund	2,257,257	2,421,152	163,895
Transportation Capital Project Fund	(725,301)	3,898,794	4,624,095
Home and Community Service Capital Project Fund	1,092,946	1,100,498	7,552
Public Health Capital Project Fund	201,217	98,168	(103,049)
Public Safety Capital Project Fund	2,982,583	763,126	(2,219,457)
Education Capital Project Fund	(1,024,099)	589,046	1,613,145
TTASC Debt Service Fund	1,631,426	1,701,533	70,107
Totals	\$ 32,618,520	\$ 35,776,536	\$ 3,158,016

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

This year's total change in fund balance of \$3,158,016 reflects an increase of 9%, compared to 2007. Of the major operating funds, the General Fund decreased by \$(1.1 million), or 9%. The General Fund's decline was primarily related to reductions in anticipated state and federal assistance for Social Service programs. The Solid Waste Fund increased by \$240,954 or 14%, primarily as the result of strong markets for recycled materials. The Road Fund increased by \$142,755 or 7% as a result of increased operating efficiency. The Debt Service Fund declined by \$(337,468) or 17% because anticipated revenue from the state for co-location on the Public Safety Communication System did not materialize. The Airport Fund posted a decline of \$(33,677) or 11% because of an unexpected one-time expense for the buyout of a tenant contract. The fund balances in listed capital projects vary and are sensitive to timing of grant reimbursements, financing, 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. At the close of the year it was necessary to transfer approximately \$821,000 from the Contingent Fund in order to offset over-runs in mandated programs.

**Figure 8 - Budgetary Comparison Schedule - General Fund
December 31, 2008**

	Original Budget	Final Budget	Actual w/ Encumbrances	Variance Fav.-(Unfav.)
REVENUES				
<i>Real property taxes and tax items</i>	\$ 34,660,597	\$ 34,660,597	\$ 35,135,578	\$ 474,981
<i>Nonproperty tax items</i>	34,417,404	45,992,404	46,687,986	695,582
<i>Departmental income</i>	9,833,556	11,859,346	11,221,218	(638,128)
<i>Fines and forfeitures</i>	218,905	220,063	179,485	(40,578)
<i>Use of money and property</i>	1,264,000	1,264,000	995,854	(268,146)
<i>Miscellaneous local sources</i>	1,692,974	1,956,527	1,508,600	(447,927)
<i>Sale of property and compensation for loss</i>	645,000	707,761	824,714	116,953
<i>State sources</i>	22,356,358	25,846,939	25,078,334	(768,605)
<i>Federal sources</i>	12,775,824	14,803,460	12,587,601	(2,215,859)
<i>Other</i>	2,388,812	2,396,340	1,233,577	(1,162,763)
Total Revenues and Other Financing Sources	\$ 120,253,430	\$ 139,707,437	\$ 135,452,947	\$ (4,254,490)
Appropriated Fund Balance	\$ 4,808,263	\$ 6,079,982	\$ -0-	\$ -0-

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

Figure 8 - Budgetary Comparison Schedule - General Fund (Continued)
December 31, 2008

	Original Budget	Final Budget	Actual w/ Encumbrances	Variance Fav.-(Unfav.)
EXPENDITURES				
General Government	\$ 13,339,686	\$ 25,284,170	\$ 24,302,997	\$ 981,173
Education	7,607,446	7,812,880	7,812,551	329
Public Safety	11,375,293	12,851,035	11,678,037	1,172,998
Public Health	16,405,593	18,191,574	15,817,296	2,374,278
Transportation	4,417,086	5,829,280	5,441,399	387,881
Economic Assistance and Opportunity	43,432,984	46,251,948	44,045,079	2,206,869
Culture and Recreation	4,646,474	4,727,949	4,699,085	28,864
Home and Community	1,399,412	1,512,836	1,211,384	301,452
Employee Benefits	11,256,123	12,044,615	11,692,869	351,746
Debt service	-0-	83,000	82,396	604
Other Financing Uses	11,181,596	11,198,132	10,693,703	504,429
Total Expenditures and Other Financing Uses	\$ 125,061,693	\$ 145,787,419	\$ 137,476,796	\$ 8,310,623
<i>Excess of (Expenditures) and Other Financing Sources (Uses)</i>	\$ -0-	\$ -0-	\$ (2,023,849)	\$ 4,056,133

Even with these adjustments, the actual charges to appropriations (expenditures) were below the final budget amounts. The General Government balance is reflective of delays in activities related to project grants, and deferral of certain building repairs. The unexpended balances for Public Safety and Public Health are somewhat misleading because the Probation and Health departments included allocations for fringe benefits; however the charges for fringe benefits were actually distributed to the Employee Benefits functional group. Adjusting for the unexpended fringe allocations reduces the Public Safety balances listed above by \$861,000, and Public Health by \$1,441,000. The balances for Economic Assistance and Opportunity are primarily associated with Social Service programs and unspent allocations are offset by unrealized revenues

Revenues appropriated to support operations were \$4,254,490 below actual budget receipts. The County closely managed the budget during the year to mitigate projected budget shortfalls. Factors contributing to the revenue budget disparity were primarily related to losses in federal and state assistance which were beyond the County's control. Additionally, approximately \$1.2 million of unrealized revenue was related to a budget policy change in the methodology of charging departmental budgets for fringe benefits.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2008, the County had \$167,825,852, net of accumulated depreciation of \$95,958,469, 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 \$12,724,266 over last year.

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

Figure 9 - Capital Assets, Net of Depreciation

	Governmental Activities		Percent Change
	2007	2008	2007 - 2008
<i>Land</i>	\$ 7,120,899	\$ 7,120,899	0.0%
<i>Construction in progress</i>	17,152,057	2,688,300	-84.3%
<i>Buildings and improvements</i>	47,829,269	48,194,461	0.8%
<i>Equipment</i>	7,460,880	6,185,633	-17.1%
<i>Infrastructure</i>	75,538,481	103,636,559	37.2%
Totals	\$ 155,101,586	\$ 167,825,852	8.2%

This year's additions consisted of:

Land and construction in progress	\$ 1,361,523
Buildings and building improvements	3,093,231
Machinery and equipment	766,563
Infrastructure	<u>14,804,757</u>
Total Additions	20,026,074
Less net book value of disposals	(486,722)
Less depreciation expense	<u>(6,815,086)</u>
Change in Capital Assets, Net of Accumulated Depreciation	\$ <u>12,724,266</u>

Debt Administration

Total long-term liabilities increased in 2008 by \$12,574,945, as shown in Figure 10. This was largely the result the issuance of Bond Anticipation Notes of \$11,100,000 to fund capital projects in accordance with its capital plan and the implementation of GASB Statement Number 45, which resulted in a first year liability of \$6,021,175. Of the total indebtedness of the County, \$36,205,000 was subject to the constitutional debt limit and represented 11.2% 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
	Restated 2007	2008	2007 - 2008
<i>Serial bonds</i>	\$ 39,309,659	\$ 35,691,736	\$ (3,617,923)
<i>Bond Anticipation Note payable</i>	1,815,000	12,140,000	10,325,000
<i>Compensated absences</i>	3,055,158	3,648,807	593,649
<i>Installment purchase debt</i>	10,246,595	9,357,005	(889,590)
<i>Workers' compensation claims</i>	634,999	634,999	-0-
<i>Self insurance claims</i>	235,500	281,500	46,000
<i>Other postemployment benefits liability</i>	-0-	6,021,175	6,021,175
<i>Tobacco settlement pass-through bonds</i>	11,080,921	11,177,555	96,634
Totals	\$ 66,377,832	\$ 78,952,777	\$ 12,574,945

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

The County continues to maintain a Moody's bond rating of Aa2. 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 a structural imbalance between program cost and revenue growth. The County Legislature is sensitive to the property tax burden and has instituted policies to promote stability and predictability. The budget adopted for 2009 maintains service levels but acknowledges that the decline in the economy will challenge operations. The 2009 tax levy of \$34.5 million reflects an increase of \$87 million or 2.6% over the 2008 levy of \$33.4 million. Property valuations remain stable however, because of a revaluation of assessment levels from 85% to 100%, and the taxable values increasing from \$5,212,900,190 to \$6,209,475,156, or 19%. Because of this revaluation, 2009 tax rates decreased from \$6.76 to \$5.94 or (13.5%).

The 2009 budget reflects continued use of General Fund Balance of \$3.5 million, as compared to \$3.9 million in 2008, to support operations. Sales tax receipts are estimated to increase by 3.25%, which is consistent with patterns over the past five years and approximately what was actually received in 2008.

The employment base of the County remains anchored by higher education, however employment levels are projected to decline due to the recession. The unemployment rate in the County is consistently the lowest in the region but is increasing comparably to national trends.

The County continues to anticipate and fiscally plan for those areas which are outside of our control and could have a material effect on future tax levies.

The first is the national recession which poses a significant challenge, as our budget is largely dependent upon sales tax receipts. Current projections indicate that the 2009 budget is likely to experience a significant shortfall, and a prolonged economic downturn will affect future financial plans.

The second area of concern is fringe benefit cost. During 2008, the County implemented GASB Statement 45; however, no provisions have been initiated to address the funding of the OPEB liability. The County is working on the establishment of a Countywide Municipal Health Insurance Cooperative which, because of its larger membership, would have the potential to reduce cost and growth by spreading risk over a larger base. Additionally, with a Self-Insurance Plan it may be practical to offer more cost effective types of insurance coverage.

Another cost pressure is New York State Retirement contributions. Because of the stock market downturn, retirement contribution rates are projected to rise dramatically in the near term. Contribution rates are expected to increase from 7.2% of payroll in 2009 to 11% in 2010, and could rise to 24% in 2012 if there is no turnaround in financial markets.

The third area outside of our control is the possible effect of the New York State budget on County governments. A reduction in state reimbursements, and an increasing trend on the part of the State Legislature to pass down costs to County governments could substantially impair fiscal stability.

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, 2008

	Primary Government	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	\$ 21,586,612	\$ 977,749	\$ 885,673	\$ 760,624
Restricted cash	3,017,811			
Restricted cash - TTASC	298,601			
Taxes receivable, net	4,585,023			
Accounts receivable, net	4,993,070	333,458	96,511	2,232
Accounts receivable - TTASC, net	741,359			
Loans receivable - Current portion	450,000			
Due from state and federal governments	12,375,348			41,721
Securities and mortgages	320,000			
Prepaid expenses	912,764			
Total Current Assets	<u>49,280,588</u>	<u>1,311,207</u>	<u>982,184</u>	<u>804,577</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	3,645,622			
Restricted investments - TTASC	657,760			
Investments		730,098		26,121
Accounts receivable in more than one year		86,873	210,000	
Loans receivable - Long-term portion	3,565,447			
Securities and mortgages	2,189,596			
Unamortized bond issue costs - TTASC	145,670			
Equity interest in joint ventures	20,480,300			
Capital assets - Land and construction in progress	9,809,199			
Capital assets - Depreciable, net of accumulated depreciation	158,016,653	1,159,603		81,449
Total Noncurrent Assets	<u>198,510,247</u>	<u>1,976,574</u>	<u>210,000</u>	<u>107,570</u>
Total Assets	<u>247,790,835</u>	<u>3,287,781</u>	<u>1,192,184</u>	<u>912,147</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	5,335,962	311,769	3,000	8,050
Accrued liabilities	676,903	92,731		1,722
Interest payable	991,618			
Due to other governments	2,887,006			
Due to employees' retirement system				14,934
Compensated absences				19,704
Retained percentages	309,855			
Deferred revenue	3,582,486			986,192
Other	52,932			
Long-term obligations due within one year - County	17,174,251			
Long-term obligations due within one year - TTASC	221,048			
Total Current Liabilities	<u>31,232,061</u>	<u>404,500</u>	<u>3,000</u>	<u>1,030,602</u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
STATEMENT OF NET ASSETS
(CONTINUED)
DECEMBER 31, 2008

	Primary Government	Component Units		
	Governmental Activities	Tompkins County Public Library	Industrial Development Agency	Soil and Water Conservation District
Total current liabilities carried forward	\$ 31,232,061	\$ 404,500	\$ 3,000	\$ 1,030,602
Noncurrent Liabilities:				
Long-term obligations due after one year - County	50,600,971	542,445		
Long-term obligations due after one year - TTASC	10,956,507			
Total Noncurrent Liabilities	61,557,478	542,445	-0-	-0-
 Total Liabilities	92,789,539	946,945	3,000	1,030,602
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	106,975,487	1,158,726		81,449
Restricted for:				
Community Development	5,377,116			
Public Safety	351,463			
Home and Community Services	216,015			
Library - Expendable		165,510		
Debt	5,755,398			
Library - Nonexpendable		480,285		
Total Restricted Net Assets	11,699,992	645,795	-0-	-0-
Unrestricted	36,325,817	536,315	1,189,184	(199,904)
 Total Net Assets	\$ 155,001,296	\$ 2,340,836	\$ 1,189,184	\$ (118,455)

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Program Revenues			
<u>FUNCTIONS/PROGRAMS</u>	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Governmental Support	\$ 28,288,373	\$ 2,008,122	\$ 594,972	\$
Education	8,714,705	110,435	2,455,531	
Public Safety	19,781,036	1,294,653	942,375	1,210,595
Health	19,802,859	6,227,306	7,885,631	
Transportation	18,272,345	3,290,992	4,363,606	13,052,364
Economic Assistance and Opportunity	50,073,870	2,628,202	21,799,534	
Culture and Recreation	5,159,391	184,822	399,164	
Home and Community Services	7,522,495	6,399,657	1,189,137	
Interest on Debt-County	2,545,498			
Interest on Debt-TASC	762,292			
Total Governmental Activities	\$ 160,922,864	\$ 22,144,189	\$ 39,629,950	\$ 14,262,959
Component Units:				
Tompkins County Public Library	\$ 4,299,010	\$ 115,528	\$ 3,727,375	\$
Industrial Development Agency	471,298	741,287		
Soil and Water Conservation	1,089,074	65,462	996,625	
Total Component Units	\$ 5,859,382	\$ 922,277	\$ 4,724,000	\$ -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, as 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 Total Governmental Activities	Component Units		
	Tompkins County Public Library	Industrial Development Agency	Soil and Water Conservation District
\$ (25,685,279)	\$ _____	\$ _____	\$ _____
(6,148,739)	_____	_____	_____
(16,333,413)	_____	_____	_____
(5,689,922)	_____	_____	_____
2,434,617	_____	_____	_____
(25,646,134)	_____	_____	_____
(4,575,405)	_____	_____	_____
66,299	_____	_____	_____
(2,545,498)	_____	_____	_____
(762,292)	_____	_____	_____
(84,885,766)	-0-	-0-	-0-
_____	(456,107)	_____	_____
_____	_____	269,989	_____
_____	_____	_____	(26,987)
-0-	(456,107)	269,989	(26,987)
(84,885,766)	(456,107)	269,989	(26,987)
33,425,955	_____	_____	_____
1,953,298	_____	_____	_____
46,687,986	_____	_____	_____
741,359	_____	_____	_____
741,359	_____	_____	_____
748,363	_____	_____	_____
2,921,062	(343,565)	18,325	(3,277)
1,024,502	283,463	_____	3,781
(289,035)	_____	_____	_____
(64,706)	_____	_____	_____
87,890,143	(60,102)	18,325	504
3,004,377	(516,209)	288,314	(26,483)
151,996,919	2,857,045	900,870	(91,972)
\$ <u>155,001,296</u>	\$ <u>2,340,836</u>	\$ <u>1,189,184</u>	\$ <u>(118,455)</u>

COUNTY OF TOMPKINS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	Major Funds		
	General Fund	Special Revenue Funds	
	County Road Fund	Transportation Fund	
<u>ASSETS</u>			
Assets:			
Cash and cash equivalents - Unrestricted	\$ 10,980,275	\$ 1,935,370	\$
- Restricted	567,478		436
Temporary investments - Restricted			
Taxes receivable, net	4,585,023		
Due from other funds	1,007,033	1,208,269	509,601
Due from state and federal governments	9,811,187	545	50,260
Due from other governments			
Other receivables, net	4,489,898	150,000	303,450
Prepaid expenses	762,707	35,777	13,017
Securities and mortgages			
Loans receivable			
Total Assets	\$ 32,203,601	\$ 3,329,961	\$ 876,764
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 3,604,184	\$ 391,512	\$ 68,503
Accrued liabilities	633,407	19,755	7,498
Due to other funds	2,721,351	723,238	525,717
Due to other governments	2,887,006		
Other liabilities	52,932		
Deferred revenues	5,158,067		
Total Liabilities	15,056,947	1,134,505	601,718
Fund Balances:			
Fund Balances - Reserved:			
Encumbrances	914,690	377,795	263
Repairs and replacements			175,000
Miscellaneous reserve	567,478		
Debt			
Total Reserved	1,482,168	377,795	175,263
Fund Balances - Unreserved			
Appropriated	3,488,491		
Fund Balances - Unreserved			
Unappropriated, Reported in:			
General Fund	12,175,995		
Special Revenue Funds		1,817,661	99,783
Capital Projects Funds			
Total Unreserved	15,664,486	1,817,661	99,783
Total Fund Balances	17,146,654	2,195,456	275,046
Total Liabilities and Fund Balances	\$ 32,203,601	\$ 3,329,961	\$ 876,764

See Independent Auditor's Report and Notes to Financial Statements

Major Funds			Total	Total
Special Revenue Funds			Non-Major	Governmental
Solid Waste Fund	Special Grant Fund	Debt Service Fund	Governmental Funds	Governmental Funds
\$ 1,561,498	\$	\$	\$ 5,268,167	\$ 19,745,310
400,000	1,242,836	1,476,374	3,274,910	6,962,034
			657,760	657,760
				4,585,023
474,527	10,696	467,895	833,469	4,511,490
	152,375		2,349,380	12,363,747
11,601				11,601
35,575	8,647		746,859	5,734,429
13,305	14,213		9,011	848,030
		2,509,596		2,509,596
	4,015,447			4,015,447
\$ 2,496,506	\$ 5,444,214	\$ 4,453,865	\$ 13,139,556	\$ 61,944,467
\$ 423,952	\$ 54,600	\$	\$ 758,104	\$ 5,300,855
7,257	6,037		2,949	676,903
118,624	6,461	400,000	761,879	5,257,270
				2,887,006
			309,855	362,787
	4,015,447	2,509,596		11,683,110
549,833	4,082,545	2,909,596	1,832,787	26,167,931
145,654			191,409	1,629,811
400,000				575,000
				567,478
		1,544,269	1,701,533	3,245,802
545,654	-0-	1,544,269	1,892,942	6,018,091
			-0-	3,488,491
				12,175,995
1,401,019	1,361,669		326,452	5,006,584
			9,087,375	9,087,375
1,401,019	1,361,669	-0-	9,413,827	29,758,445
1,946,673	1,361,669	1,544,269	11,306,769	35,776,536
\$ 2,496,506	\$ 5,444,214	\$ 4,453,865	\$ 13,139,556	\$ 61,944,467

COUNTY OF TOMPKINS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2008

Total Governmental Fund Balances \$ 35,776,536

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	\$ 263,784,321	
Less accumulated depreciation	<u>(95,958,469)</u>	<u>167,825,852</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	\$ 17,131,962	
Tompkins Consolidated Area Transit	<u>3,348,338</u>	<u>20,480,300</u>

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 8,100,624

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 of Net Assets. 1,700,210

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 Governmental Fund financial statements.

Accrued interest payable	\$ (991,618)	
TTASC unamortized bond issue costs	<u>145,670</u>	<u>(845,948)</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	\$ (35,691,736)	
TTASC tobacco settlement pass-through bonds	(11,177,555)	
Bond Anticipation Notes payable	(12,140,000)	
Installment purchase debt	(9,357,005)	
Other postemployment benefits liability	(6,021,175)	
Compensated absences	<u>(3,648,807)</u>	<u>(78,036,278)</u>

Net Assets of Governmental Activities \$ 155,001,296

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, 2008

	Major Funds		
	General Fund	Special Revenue Funds	
		County Road Fund	Transportation Fund
<u>REVENUES</u>			
Real property taxes	\$ 33,182,280	\$ _____	\$ _____
Real property tax items	1,953,298	_____	_____
Nonproperty tax items	46,687,986	_____	_____
Departmental income	11,221,218	_____	1,143,564
Intergovernmental charges	707,128	144,806	184,416
Use of money and property	995,854	22,262	1,186,766
Licenses and permits	3,383	9,066	_____
Fines and forfeitures	179,485	_____	_____
Sale of property and compensation for loss	824,714	66,406	_____
Miscellaneous local sources	1,508,600	282,689	8,663
Interfund revenues	523,066	_____	_____
State sources	25,078,334	1,684,620	_____
Federal sources	12,587,601	_____	209,805
Total Revenues	<u>135,452,947</u>	<u>2,209,849</u>	<u>2,733,214</u>
<u>EXPENDITURES</u>			
General Governmental Support	24,145,498	_____	_____
Education	7,812,551	_____	_____
Public Safety	11,341,218	274,273	_____
Health	15,776,719	_____	_____
Transportation	5,441,399	6,129,120	2,373,444
Economic Assistance and Opportunity	43,799,838	_____	_____
Culture and Recreation	4,674,535	_____	_____
Home and Community Services	1,101,380	_____	_____
Employee Benefits	11,692,869	707,626	262,888
Debt Service (principal and interest)	82,396	_____	_____
Capital Outlay	_____	_____	_____
Total Expenditures	<u>125,868,403</u>	<u>7,111,019</u>	<u>2,636,332</u>
Excess of Revenues (Expenditures)	<u>9,584,544</u>	<u>(4,901,170)</u>	<u>96,882</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Interfund transfers in	_____	5,358,925	_____
Interfund transfers (out)	(10,693,703)	(315,000)	(130,559)
Proceeds of obligations	_____	_____	_____
Premium on obligations	_____	_____	_____
Total Other Financing Sources (Uses)	<u>(10,693,703)</u>	<u>5,043,925</u>	<u>(130,559)</u>
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	<u>(1,109,159)</u>	<u>142,755</u>	<u>(33,677)</u>
Fund Balances, Beginning of Year	18,255,813	2,052,701	308,723
Fund Balances, End of Year	<u>\$ 17,146,654</u>	<u>\$ 2,195,456</u>	<u>\$ 275,046</u>

See Independent Auditor's Report and Notes to Financial Statements

Major Funds			Total	Total
Special Revenue Funds			Non-Major	Governmental
Solid Waste	Special Grant	Debt Service	Governmental	Governmental
Fund	Fund	Fund	Funds	Funds
\$	\$	\$	\$	\$ 33,182,280
				1,953,298
				46,687,986
4,865,403	538,798			17,768,983
		163,134	56,434	1,255,918
35,697		262,856	386,755	2,890,190
25,580				38,029
1,370				180,855
1,140,192			120,473	2,151,785
22,791	32,275	214,416	834,487	2,903,921
			1,576,671	2,099,737
68,333	75,671		1,187,518	28,094,476
	1,634,914		11,230,617	25,662,937
6,159,366	2,281,658	640,406	15,392,955	164,870,395
		2,922	57,725	24,206,145
				7,812,551
				11,615,491
				15,776,719
			1,856,833	15,800,796
	1,288,803			45,088,641
				4,674,535
4,514,171	744,385			6,359,936
250,776			101,952	13,016,111
		7,573,069	660,012	8,315,477
			20,010,977	20,010,977
4,764,947	2,033,188	7,575,991	22,687,499	172,677,379
1,394,419	248,470	(6,935,585)	(7,294,544)	(7,806,984)
		6,553,117	768,580	12,680,622
(1,153,465)			(567,895)	(12,860,622)
			11,100,000	11,100,000
		45,000		45,000
(1,153,465)	-0-	6,598,117	11,300,685	10,965,000
240,954	248,470	(337,468)	4,006,141	3,158,016
1,705,719	1,113,199	1,881,737	7,300,628	32,618,520
\$ 1,946,673	\$ 1,361,669	\$ 1,544,269	\$ 11,306,769	\$ 35,776,536

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, 2008

Net Change in Fund Balances - Total Governmental Funds \$ 3,158,016

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

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	\$	20,026,074	
Net book value of disposed assets		(486,722)	
Depreciation expense		<u>(6,815,086)</u>	<u>12,724,266</u>

Equity interests in joint ventures are not reported in the Governmental Fund financial statements because they do not represent current resources. This is the change in the investments in the County's joint ventures. (64,706)

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. 243,675

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 \$11,100,000 exceeded the repayment of bond principal of \$5,659,590. (5,440,410)

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	\$	(593,649)	
Other postemployment benefits liability		(6,021,175)	
Accrued interest payable		(216,420)	
Accreted interest on Series 2005 TTASC bonds		(302,682)	
Premium on obligations		(45,000)	
Amortization of bond premiums, discounts, bond issuance costs, and amounts deferred on refunding bonds		<u>(133,240)</u>	<u>(7,312,166)</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 Governmental 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 \$657,371 exceed issuances of \$266,307. (391,064)

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. 86,766

Change in Net Assets of Governmental Activities \$ 3,004,377

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
DECEMBER 31, 2008

		<u>Governmental Activities Internal Service Funds</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$	1,841,302
Due from other funds		745,780
Prepaid Expenses		64,734
Total Current Assets		<u>2,651,816</u>
Noncurrent Assets:		
Total Noncurrent Assets		<u>-0-</u>
Total Assets		<u>2,651,816</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable		35,107
Benefits and awards payable		380,999
Claims and judgments payable		140,750
Total Current Liabilities		<u>556,856</u>
Noncurrent Liabilities:		
Benefits and awards payable		254,000
Claims and judgments payable		140,750
Total Noncurrent Liabilities		<u>254,000</u>
Total Liabilities		<u>810,856</u>
<u>NET ASSETS</u>		
Total Net Assets	\$	<u><u>1,700,210</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, 2008

	<u>Governmental Activities Internal Service Funds</u>
<u>OPERATING REVENUES</u>	
Charges for services - Governmental Funds	\$ 685,069
Charges for services - External participants	22,750
Charges for services - Interfund transfer	180,000
Other operating revenues	25,747
Total Operating Revenues	<u>913,566</u>
<u>OPERATING EXPENSES</u>	
Administrative	106,876
Contractual	131,503
Benefits and awards	433,058
Claims and judgments	196,357
Total Operating Expenses	<u>867,794</u>
Gain from Operations	<u>45,772</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest income	40,994
Total Nonoperating Revenues	<u>40,994</u>
Net Income Before Transfers	<u>86,766</u>
Change in Net Assets	<u>86,766</u>
Total Net Assets, Beginning of Year, as Restated	<u>1,613,444</u>
Total Net Assets, End of Year	<u>\$ 1,700,210</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, 2008

	Governmental Activities <u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from providing services	\$ 708,057
Cash received from insurance recoveries	<u>25,747</u>
Cash received from interfund transfer	<u>(4,503)</u>
Cash payments - Suppliers	<u>(330,518)</u>
Cash payments - Claims and benefits	<u>(583,415)</u>
Net Cash (Used) by Operating Activities	<u>(184,632)</u>
Cash Flows from Non-capital Financing Activities	<u>-0-</u>
Cash Flows from Capital and Related Financing Activities	<u>-0-</u>
Cash Flows from Investing Activities:	
Interest income received	<u>40,994</u>
Net Cash Provided by Investing Activities	<u>40,994</u>
Net (Decrease) in Cash and Cash Equivalents	<u>(143,638)</u>
Cash and Cash Equivalents, January 1,	<u>1,984,940</u>
Cash and Cash Equivalents, December 31,	\$ <u><u>1,841,302</u></u>
Reconciliation of Gain of Income from Operations to Net Cash Provided by Operating Activities:	
Gain from operations	<u>45,772</u>
Decrease in interfund receivable	<u>(184,503)</u>
(Increase) in other receivables	<u>238</u>
Increase in accounts payable	<u>(27,405)</u>
(Increase) in prepaid expenses	<u>(64,734)</u>
(Increase) in accrued liabilities	<u>46,000</u>
Net Cash (Used) by Operating Activities	\$ <u><u>(184,632)</u></u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
DECEMBER 31, 2008

	Private Purpose Trust Fund	Agency Funds
<u>ASSETS</u>		
Cash and cash equivalents - Unrestricted	\$ 14,575	\$ 4,073,513
Accounts receivable		962,958
 Total Assets	 <u>14,575</u>	 <u>\$ 5,036,471</u>
 <u>LIABILITIES</u>		
Agency liabilities		\$ 5,036,471
 Total Liabilities	 <u>-0-</u>	 <u>\$ 5,036,471</u>
 <u>NET ASSETS</u>		
Held in Trust for Memorials	<u>14,575</u>	
 Total Net Assets	 <u>\$ 14,575</u>	

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

		Private Purpose Trust Fund
	<u>ADDITIONS</u>	
Investment earnings		\$ <u>108</u>
Total Additions		<u>108</u>
	<u>DEDUCTIONS</u>	
Total Deductions		<u>-0-</u>
Change in Net Assets		<u>108</u>
Net Assets - Beginning of Year		<u>14,467</u>
Net Assets - End of Year		<u>\$ 14,575</u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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 Number 14, "The Financial Reporting Entity," as amended by GASB Statement Number 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 Number 14, "The Financial Reporting Entity," as amended by GASB Statement Number 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 17 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, 2008

Participation in New York Counties' Tobacco Trust V resulted in \$3,659,502 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, 2008

- 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 4 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 Governmental Fund financial statements (reporting the County's Major Funds.) Both the Government-wide and Governmental 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 Financial Statements

The Government-wide financial 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 financial statements 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, 2008

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

2. Governmental Fund Financial Statements

The financial transactions of the County are reported in individual funds in the Governmental Fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise 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 - Principal operating fund, includes all operations not required to be recorded in other funds.

Special Revenue Funds

County Road Fund - Accounts for expenditures for highway purposes authorized by Section 114 of the Highway Law.

Transportation - Accounts for the operations of the County-owned airport.

Special Grant Fund - Accounts for Community Development Block Grants and funds received under the Workforce Investment Act.

Solid Waste Fund - Accounts for County solid waste activities.

Debt Service Fund - Accounts 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 - Accounts for the purchase, repair, maintenance, and storage of highway machinery, tools, and equipment pursuant to Section 133 of the Highway Law.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

Capital Projects Funds - Consists of General Government, Transportation, Home and Community Service, Public Health, Public Safety, and 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.

TTASC Debt Service Fund - Accounts 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 - Accounts 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 - Account for money and/or property received and held in the capacity of trustee, custodian or agent.

Private-Purpose Trust Fund - Reports 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.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

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.

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 Financial 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. Governmental 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 the Government-wide financial 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 - 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 - Used for various purposes and is aggregated and reported in the General and Transportation Funds.

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 - Provides funds 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, 2008

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 April 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, 2008, the County had deferred \$1,575,581 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, 2008

- 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. 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.

H. Investments

Investments are stated at cost, which approximates market value.

I. 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.

J. 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 Number 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. The County first utilizes restricted resources to finance qualifying activities.

K. 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, 2008, the County had reserved \$988,255 in the Internal Service Fund to fund any settlements (See Note 4). At year end, there was \$281,500 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 2008 amounted to \$59,975.

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 2008, 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, 2008, reflected \$634,999 as an accrual for claims incurred but not paid.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

An additional \$711,955 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>
2008	\$ 634,999	\$ 433,058	\$ 433,058	\$ 634,999
2007	700,312	281,186	346,499	634,999

L. 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 over \$5,000; machinery and motor vehicles over \$25,000; land and buildings over \$100,000; and infrastructure assets 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

M. 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, 2008, is approximately \$3,648,807, and is recorded as a long-term obligation in the Statement of Net Assets. In addition, component units of the County reported \$104,115 in compensated absences at December 31, 2008.

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.

N. 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.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

During 2008, the County adopted GASB Statement Number 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The County's liability for other postemployment benefits has been recorded in the Statements of Net Assets, in accordance with the statement. See Note 2.B.3 for additional information.

Certain retirees of the Tompkins County Library and Tompkins Cortland Community College are covered under health plans administered by the County. Both of these entities reimburse the County fully for their share of postemployment benefits.

O. 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.

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, 2008, per the bank, were \$34,488,722 and \$2,632,387 for the primary government and component units, respectively.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

Restricted Cash

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

Governmental Activity	Amount
Capital Projects - Unspent bond proceeds	\$ 2,976,309
Debt Service	1,774,975
Community Development	1,242,836
Public Safety	351,463
Repairs and Replacements	400,000
Home and Community	184,692
Home and Community - Open space protection	31,323
Transportation	436
Total Governmental Activities	\$ 6,962,034

Restricted investments of \$657,760 represent amounts held in a mandated TASC liquidity reserve, which is held in trust and comprised of commercial paper maturing March 3, 2009 recorded at cost, which approximates fair value.

Investments of the Tompkins County Public Library Foundation

Investments of the Tompkins County Public Library Foundation, a component unit of the Tompkins County Public Library are stated at fair value and consist of Mutual Funds, as follows:

	2008		
	Cost	Fair Value	Unrealized Depreciation
Mutual Funds	\$ 1,035,331	\$ 730,098	\$ (305,233)

2. Securities and Mortgages Receivable

The County has recorded \$2,509,596 of Securities and Mortgages Receivable offset by Deferred Revenues of \$2,509,596 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 12/31/08
Serial Bond	\$ 330,000	2003	Food Net	100%	\$ 242,596
BAN	105,000	2002	Cooperative Extension of T.C.	100%	75,008
BAN	2,910,000	2001	Cortland County	36%	589,430
BAN	1,400,000	2001	Tompkins Community Action	100%	900,090
Serial Bond	350,000	1995	Cooperative Extension of T.C.	100%	150,013
Serial Bond	2,800,000	1995	Cortland County	36%	312,546
Serial Bond	1,000,000	1998	Cortland County	36%	239,913
Total					\$ 2,509,596

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

3. Other Receivables

Accounts receivable as of December 31, 2008, is as follows:

General Fund:	
Sales tax revenue - 4 th quarter	\$ 2,855,126
Tobacco settlement revenue receivable	741,359
Miscellaneous rents and fees	988,432
Allowance for uncollectibles	<u>(95,019)</u>
Total General Fund	4,489,898
County Road Fund:	
Reimbursement for purchase of equipment	150,000
Transportation Fund:	
Transportation fees due from airlines	303,450
Solid Waste Fund:	
Solid waste tipping fees	105,755
Allowance for uncollectibles	<u>(70,180)</u>
Total Solid Waste Fund	35,575
Special Grant Fund: Grants receivable	8,647
Non-Major Funds:	
TTASC Tobacco settlement revenue receivable and accrued interest	741,359
Charges for services	<u>5,500</u>
Total Non-Major Funds	<u>746,859</u>
Total Governmental Funds	<u>\$ 5,734,429</u>

4. Property Taxes

At December 31, 2008, the total real property tax assets of \$5,120,982 are offset by an allowance for uncollectible taxes of \$535,959. Current year returned village and school taxes of \$2,783,603 are offset by liabilities to the villages and school districts which will be paid no later than April 1, 2008. The remaining portion of tax assets is (partially) offset by deferred tax revenue of \$1,575,581 (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, 2008

5. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

	<u>Balance at</u> 12/31/07	<u>Additions</u>	<u>Deletions</u>	<u>Reclassifi- cation</u>	<u>Balance at</u> 12/31/08
<u>Governmental Activities:</u>					
Non-depreciable Capital Assets:					
Land and land improvements	\$ 7,120,899	\$	\$	\$	\$ 7,120,899
Construction in progress	<u>17,152,057</u>	<u>1,361,523</u>	<u>(16,911,223)</u>	<u>1,085,943</u>	<u>2,688,300</u>
Total Non-depreciable Capital Assets	<u>24,272,956</u>	<u>1,361,523</u>	<u>(16,911,223)</u>	<u>1,085,943</u>	<u>9,809,199</u>
Depreciable Capital Assets:					
Buildings	74,831,683	3,093,231			77,924,914
Machinery and equipment	14,448,105	766,563	(1,953,293)	(1,085,943)	12,175,432
Infrastructure	<u>132,156,796</u>	<u>31,715,980</u>			<u>163,872,776</u>
Total Depreciable Capital Assets	<u>221,436,584</u>	<u>35,575,774</u>	<u>(1,953,293)</u>	<u>(1,085,943)</u>	<u>253,975,122</u>
Total Historical Cost	<u>245,709,540</u>	<u>36,937,297</u>	<u>(18,864,516)</u>	<u>-0-</u>	<u>263,784,321</u>
Less Accumulated Depreciation:					
Buildings	(27,002,414)	(2,728,039)			(29,730,453)
Machinery and equipment	(6,987,225)	(469,145)	1,464,571		(5,991,799)
Infrastructure	<u>(56,618,315)</u>	<u>(3,617,902)</u>			<u>(60,236,217)</u>
Total Accumulated Depreciation	<u>(90,607,954)</u>	<u>(6,815,086)</u>	<u>1,464,571</u>		<u>(95,958,469)</u>
Governmental Activities Capital Assets, Net	<u>\$ 155,101,586</u>	<u>\$ 30,122,211</u>	<u>\$ (17,397,945)</u>	<u>\$ -0-</u>	<u>\$ 167,825,852</u>

Depreciation expense was charged to functions as follows:

<u>Governmental Activities:</u>	
General Governmental Support	\$ 679,148
Education	15,167
Public Safety	329,036
Public Health	244,690
Transportation	4,305,866
Economic Assistance and Opportunity	420,621
Culture and Recreation	327,996
Home and Community Services	<u>492,562</u>
Total Governmental Activities Depreciation Expense	<u>\$ 6,815,086</u>

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
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Capital asset activity of the Tompkins County Public Library is as follows:

<u>Historical Cost:</u>	<u>Balance at</u> 12/31/07	<u>Additions</u>	<u>Reclassifications</u> <u>/Retirements</u>	<u>Balance at</u> 12/31/08
Equipment	\$ 1,249,596	\$ 151,090	\$ (80,933)	\$ 1,319,753
Collection	4,782,209	348,931	(143,466)	4,987,674
Total Historical Cost	<u>6,031,805</u>	<u>500,021</u>	<u>(234,399)</u>	<u>6,307,427</u>
<u>Less Accumulated Depreciation:</u>				
Equipment	(857,488)	(129,140)	140,673	(845,955)
Collection	(4,139,596)	(306,616)	143,466	(4,302,746)
Total Accumulated Depreciation	<u>(4,997,084)</u>	<u>(435,756)</u>	<u>284,139</u>	<u>(5,148,701)</u>
Total Capital Assets, Net	<u>\$ 1,034,721</u>	<u>\$ 64,265</u>	<u>\$ 59,740</u>	<u>\$ 1,158,726</u>

The Tompkins County Public Library Foundation also had a net book value of equipment of \$877 at December 31, 2008.

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. After ten years, employees are no longer required to contribute. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members which shall be used in computing the contributions required to be made by the employer to the Pension Accumulation Fund.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
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The County of Tompkins is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>
2008	\$ 2,997,178
2007	3,243,593
2006	3,317,200

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.

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 2008 would be based on the pension value as of March 31, 2007).
- 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.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

- 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, 2008, the total outstanding indebtedness of the County of Tompkins aggregated \$48,300,000. Of this amount, \$36,205,000 was subject to the constitutional debt limit and represented approximately 11.2% 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-wide 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.

c. Bond Anticipation Notes

Bond Anticipation Notes (BANs) are 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 Number 6, "Classification of Short-term Obligations Expected to be Refinanced," the proceeds of the debt issue are reflected as "Other Financing Sources" in the operating statement of the recipient fund. Such notes are 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.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

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.
- 4) Installment Purchase Debt: Represents long-term lease commitments and is liquidated in the General Fund. Amounts capitalized in relation to these lease commitments was \$16,512,501 for infrastructure, with total lease commitments of \$9,357,005 at December 31, 2008.

3. Postemployment Benefits Other than Pensions

a. Tompkins County

In 2008, the County adopted Government Accounting Standards Board (GASB) Statement Number 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." In the past, the County reported the cost of retiree health care on a "pay-as-you-go" basis.

An actuarial valuation of the County of Tompkins Postretirement Health Care Benefits Program (the Plan) was performed as of January 1, 2008 for the fiscal year ending December 31, 2008. The Plan is a single-employer defined benefit Other Postemployment Benefit Plan administered by the County. The Plan provides for continuation of medical benefits for certain retirees and their spouses and can be amended by action of the County subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The obligations of the Plan members, employers and other entities are established by action of the County pursuant to applicable collective bargaining and employment agreements. The required contribution is based on projected pay-as-you-go financing requirements and varies depending on the applicable agreement. For the year ended December 31, 2008, the County contributed \$950,669 to the Plan for current premiums. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit. The costs of administering the Plan are paid by the County.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
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The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of thirty years.

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

	<u>2008</u>
Normal cost	\$ 3,851,118
Amortization of UAAL	3,120,726
Interest	<u>-0-</u>
Total Annual Required Contribution	6,971,844
Interest on net OPEB obligation	-0-
Adjustment to annual required contribution	<u>-0-</u>
Annual OPEB Cost (Expense)	6,971,844
Contributions made on behalf of employees	<u>(950,669)</u>
Increase in Net OPEB Obligation	6,021,175
 Net OPEB Obligation - January 1	 <u>-0-</u>
 Net OPEB Obligation - December 31	 <u>\$ 6,021,175</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the fiscal year ending December 31, are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2008	\$ <u>6,971,844</u>	13.6%	\$ <u>6,021,175</u>

The year ended December 31, 2008 is the first year the OPEB obligation has been actuarially determined.

As of December 31, 2008, the Plan was not funded. The actuarial accrued liability for benefits was \$53,963,705; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$37.6 million and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 143.6 percent.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
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Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding funded status of the Plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposed are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the year ended December 31, 2008 actuarial valuation, the most recent actuarial valuation date, the projected unit credit actuarial cost method was used. Under this method, each Participant's projected benefit is calculated at all possible ages based on the Plan provisions as well as the initial data and actuarial assumptions. The actuarial assumptions included an annual healthcare cost trend rate of 10 percent initially reduced to an ultimate rate of 5 percent after 11 years. This rate includes a 4.0 percent inflation assumption.

b. Tompkins County Public Library

In 2008, the Library adopted Government Accounting Standards Board (GASB) Statement Number 45 "Accounting and Financial Reporting by Employees for Postemployment Benefits Other than Pensions." In the past, the Library reported the cost of retiree health care on a "pay-as-you-go" basis.

An actuarial valuation of the Library's Retiree Medical Plan (The Plan) was performed as of January 1, 2008 for the fiscal year ending December 31, 2008. The Plan is a single-employer defined benefit Healthcare Plan administered by the Library. The Plan provides medical, hospital, drug, and Part B Premium Reimbursements to eligible retirees and their spouses. The authority to establish and amend benefit provisions to the Plan rests with the Board of Trustees of the Tompkins Public Library subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
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The contribution requirements of Plan members and the Library are established and may be amended by the Tompkins Public Library subject to applicable collective bargaining and employment agreements. The Library has negotiated collective bargaining agreements, which include obligations of Plan members and the Library. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2008, the Library contributed \$66,146 to the Plan for current premiums of 15 retirees, compared to \$66,032 in 2007. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit.

The Library's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years.

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

Normal cost	\$	276,315
Amortization of UAAL		<u>222,843</u>
Total Annual Required Contribution		449,158
Interest on net OPEB obligation		-0-
Adjustment to annual required contribution		<u>-0-</u>
Annual OPEB Cost (Expense)		449,158
Contributions made on behalf of 15 employees		<u>(66,146)</u>
Increase in Net OPEB Obligation		433,012
 Net OPEB Obligation - January 1, 2008		 <u>-0-</u>
 Net OPEB Obligation - December 31, 2008	 \$	 <u><u>433,012</u></u>

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2008 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/08	\$ <u>449,158</u>	14.7%	\$ <u>433,012</u>

The year ended December 31, 2008 is the first year that the OPEB obligation has been actuarially determined.

As of December 31, 2008, the Plan was not funded. The actuarial accrued liability for benefits was \$3,711,182; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,846,314 and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 201 percent.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding funded status of the Plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 10 percent initially reduced by decrements to an ultimate rate of 5 percent after ten years. The rate included a 4 percent inflation assumption.

c. Short-term Debt

In January, 2008, the County issued a Revenue Anticipation Note (RAN) in the amount of \$2,500,000 with a premium of \$14,150, and a coupon rate of 3.5%. The RAN was issued to provide working capital for the Tompkins Consolidated Area Transit, a joint venture of the County, and matured in December, 2008.

d. Summary Long-term Debt

The following is a summary of long-term liabilities outstanding at December 31, 2008:

<u>Liability</u>		
Serial Bonds	\$ 36,205,000	
Less deferred charges on defeased debt	<u>(513,264)</u>	\$ 35,691,736
Bond Anticipation Notes	12,095,000	
Add premium	<u>45,000</u>	12,140,000
Installment purchase debt		9,357,005
TTASC Bonds	\$ 10,564,467	
Add accreted interest	871,801	
Less unamortized bond discount	<u>(258,713)</u>	<u>11,177,555</u>
Total Long-term Debt		<u>\$ 68,366,296</u>

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

e. Summary Long-term Obligations

The following is a summary of changes in long-term obligations for the period ended December 31, 2008:

	Restated Balance 12/31/07	Additions	Deletions	Balance 12/31/08	Amount Due Within One Year
Serial Bonds	\$ 39,935,000	\$	\$ (3,730,000)	\$ 36,205,000	\$ 3,945,000
Less deferred charges on deceased debt	(625,341)		112,077	(513,264)	(101,771)
Total Serial Bonds	39,309,659	-0-	(3,617,923)	35,691,736	3,843,229
Bond Anticipation Notes	1,815,000	11,145,000	(820,000)	12,140,000	12,140,000
Compensated absences	3,055,158	593,649		3,648,807	-0-
Workers' compensation claims	634,999			634,999	126,999
Self insurance claims	235,500	46,000		281,500	140,750
Postemployment benefits	-0-	6,021,175		6,021,175	-0-
Installment purchase debt	10,246,595		(889,590)	9,357,005	923,273
 Total Primary Government Long-term Debt	 55,296,911	 17,805,824	 (5,327,513)	 67,775,222	 17,174,251
TTASC Bonds	10,784,467	-0-	(220,000)	10,564,467	235,000
Add accreted interest on 2005 bonds	569,119	302,682		871,801	-0-
Less unamortized bond discount	(272,665)		13,952	(258,713)	(13,952)
Total TASC Bonds	11,080,921	302,682	(206,048)	11,177,555	221,048
 Total Long-term Debt	 <u>\$ 66,377,832</u>	 <u>\$ 18,108,506</u>	 <u>\$ (5,533,561)</u>	 <u>\$ 78,952,777</u>	 <u>\$ 17,395,299</u>

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

The County expensed \$3,307,790 in interest on the bonds and Bond Anticipation Notes during the year.

Cash paid	\$ 2,655,887
Less interest accrued in prior year	(775,198)
Add interest accrued in the current year	991,618
Add accreted interest on the Series 2005 TASC bonds	302,682
Add amortization of amounts deferred on refunding	112,077
Add amortization of TTASC bond premium, discount and issue costs	21,163
 Total	 <u>\$ 3,307,790</u>

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

f. Long-term Debt Maturity Schedule

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

<u>Description</u>	<u>Date Issued</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Outstanding</u>
Bond Anticipation Notes				
Public Improvements	3/2008	2.06%	3/2009	\$ 680,000
Public Improvements	1/2008	3.25%	1/2009	3,500,000
Public Improvements	1/2008	3.25%	1/2009	1,600,000
Public Improvements	1/2008	3.25%	1/2009	2,500,000
Public Improvements	1/2008	3.25%	1/2009	3,500,000
Equipment	3/2009	2.06%	3/2009	315,000
Add unamortized premium				<u>45,000</u>
Total Bond Anticipation Notes				<u>\$ 12,140,000</u>
Bonds				
1995 Series A & B Refunding	8/2003	3.75%	8/2014	\$ 4,765,000
Add unamortized premium				68,975
Less unamortized deferred amount on refunding				(130,853)
Less unamortized bond issue costs				<u>(47,197)</u>
Net Refunding Bonds				4,655,925
Mental Health Bldg.	12/1989	6.40%	6/2010	500,000
Public Improvements	5/1992	5.60-6.00%	5/2012	650,000
1996 NYSEFC Bonds	2/1996	2.79%	2/2012	570,000
2005 Bonds	3/2005	3.37%-4.0%	3/2020	2,855,000
Public Improvements	3/2006	3.35%-3.5%	3/2014	5,540,000
Public Improvement Refunding	10/2004	2.50-4.125%	2/2020	15,805,000
Add unamortized premium				433,181
Less unamortized deferred amount on refunding				(717,367)
Less unamortized bond issue costs				<u>(120,003)</u>
Net Refunding Public Improvement Bonds				15,400,811
Public Improvements	3/2007	4.0%	3/2027	<u>5,520,000</u>
Total Bonds				<u>\$ 35,691,736</u>
Installment Purchase Debt				
Public Safety Communications	3/2006	3.75%	9/2016	\$ 6,750,534
Energy Performance Contract	3/2006	3.76%	3/2020	<u>2,606,471</u>
Total Installment Purchase Debt				<u>\$ 9,357,005</u>

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

TTASC:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding December 31, 2006</u>
Series 2000 Tobacco Settlement				
Pass-through Bonds	12/00	6/25	5.25% - 6.30%	\$ 6,720,000
Less: Unamortized Bond Discount				<u>(181,170)</u>
Carrying Value of Series 2000 Tobacco Settlement Pass-through Bonds				<u>6,538,830</u>
Series 2005 Tobacco Settlement				
Pass-through Bonds	11/05	6/60	6.0% - 7.85%	3,844,467
Less: Unamortized Bond Discount				(77,543)
Add: Addition to Accreted Value				<u>871,801</u>
Carrying Value of Series 2005 Tobacco Settlement Pass-through Bonds				<u>4,638,725</u>
Total Carrying Value of Pass-through Bonds				<u>\$ 11,177,555</u>

The full amount of Bond Anticipation Notes of \$12,095,000 is due in 2009.

The County's Debt Service requirements at December 31, 2008 were as follows:

<u>Year</u>	<u>Serial Bonds</u>		<u>TASC Bonds</u>		<u>Installment Purchase Debt</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2009	\$ 3,945,000	\$ 1,431,097	\$ 235,000	\$ 426,053	\$ 923,273	\$ 342,463	\$ 7,302,886
2010	4,070,000	1,276,221	260,000	410,865	958,231	307,505	7,282,822
2011	3,565,000	1,111,515	270,000	394,621	994,514	271,223	6,606,873
2012	3,715,000	968,627	285,000	377,584	1,032,169	233,567	6,611,947
2013	3,405,000	825,513	300,000	359,553	1,071,251	194,485	6,155,802
2014-2018	11,570,000	2,329,719	2,344,210	1,962,274	3,971,127	388,210	22,565,540
2019-2023	4,410,000	575,078	3,576,562	1,903,591	406,440	15,360	10,887,031
2024-2028	1,525,000	124,900	2,052,894	3,571,707			7,274,501
2029-2033			705,376	4,301,921			5,007,297
2034-2038			508,352	4,793,841			5,302,193
2039-2040			27,073	330,209			357,282
Total	<u>\$ 36,205,000</u>	<u>\$ 8,642,670</u>	<u>\$ 10,564,467</u>	<u>\$ 18,832,219</u>	<u>\$ 9,357,005</u>	<u>\$ 1,752,813</u>	<u>\$ 85,354,174</u>

During 2005, the County's sold its residual interest in the Securitized 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.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

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.

C. Interfund Receivables and Payables

Interfund receivable and payable balances at December 31, 2008 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenue</u>	<u>Interfund Expenditures</u>
Major Funds:				
General Fund	\$ 1,007,033	\$ 2,721,351	\$	\$ 10,693,703
County Road Fund	1,208,269	723,238	5,358,925	315,000
Transportation Fund	509,601	525,717		130,559
Special Grant Fund	10,696	6,461		
Solid Waste Fund	474,527	118,624		1,153,465
Debt Service Fund	467,895	400,000	6,553,117	
Non-Major Funds	833,469	761,879	768,580	567,895
Internal Service Fund	<u>745,780</u>	<u></u>	<u>180,000</u>	<u></u>
Total	<u>\$ 5,257,270</u>	<u>\$ 5,257,270</u>	<u>\$ 12,860,622</u>	<u>\$ 12,860,622</u>

D. Deferred Compensation Plan

Employees of the County of Tompkins may elect to participate in the ICMA-RC 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 Number 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

Tompkins Cortland Community College

The following is the activity undertaken jointly with another municipality. The County's share of this activity is included in the County's financial statements. Separate financial statements are issued for this joint venture and may be obtained from their administrative office at 170 North Street, Dryden, New York 13053.

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:

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

- 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%

- Subsidies to meet operational expenses are shared in the ratio of residents in attendance. The County's share of operations for the current year and the two preceding years were: \$2,399,905, \$2,285,624 and \$2,176,785.
- 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.

All monies incidental to college operations are received and expended by the College except for those monies relating to Debt Service for which the counties, as sponsors, are responsible. During 1994 the sponsors authorized a Campus Master Plan Improvement Program in the amount of \$8,689,572. The sponsors are responsible for approximately 50% of the cost associated with the Master Plan improvements. Tompkins County is the lead agency in financing of the sponsor's share, and has issued \$6,860,000 of debt to provide for the sponsor's share of program cost. The Cortland County Legislature has executed an inter-municipal agreement with Tompkins County, which provides for reimbursement of 36% of the net Debt Service cost associated with the project. As of December, 31, 2008, the outstanding debt related to the 1994 Master Plan was \$3,180,244 of bonds.

Cortland County is responsible for 36% or \$1,144,877 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.

In 2005, the College began another campus expansion program estimated at a cost of approximately \$33,000,000. The sponsoring counties have committed \$13,500,000 to match the New York State participation in the expansion, with the College required to raise funds over and above the amount of approved by New York State. Under the 2005 Campus Expansion, each County will be responsible for issuing debt to finance the project. At December 31, 2008, the County has contributed \$10,785,337 for the Campus Expansion, consisting of \$3,665,537 from a tobacco securitization, a \$620,000 budget contribution, and \$6,500,000 of bonds and notes. At December 31, 2008, the outstanding related to the Campus Expansion was \$6,442,857.

- 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, 2008:

Total Assets	\$ 60,782,342
Total Liabilities and Deferred Revenue	38,573,614
Joint Venture Equity	22,208,728
Total Revenues	36,593,698
Total Expenses	37,361,042

COUNTY OF TOMPKINS
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

Tompkins Consolidated Area Transit

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 for this joint venture can be obtained from the Tompkins Consolidated Area Transit's administrative office at 737 Willow Avenue, Ithaca, New York 14850.

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 2008 was \$754,715. Its contribution for 2009 will be \$829,781.
- 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, 2008:

Total Assets	\$ 12,582,925
Total Liabilities	2,537,910
Joint Venture Equity	10,045,015
Total Revenues	11,504,859
Total Expenses	12,775,129

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 each year. 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, 2008, the County has reserved \$988,255 for unreported claims which is included in retained earnings in the Internal Service Fund.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

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 are 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 \$41,790,453 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 \$30,437,647 year 2008. The balance of \$11,352,806 was divided among the City of Ithaca and the towns/villages 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 five towns are paid their total share in cash. The town outside villages' share are retained by the County and applied in the first instance to the taxes to be relieved for County purposes in the respective towns' levy. The towns and villages received \$8,970,499 and the City of Ithaca received \$1,615,910. Additionally, the city received direct payments of \$9,848,243 and the villages and towns received another \$2,493,654 from tax warrants.

For the year ending December 31, 2007, the County changed its accounting for the amounts collected and paid to the other municipalities to include these amounts in revenue and expenditures/expenses, rather than netting them, as was done in prior years.

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, 2009.

Note 6 - Transactions with Discretely Presented Component Units

The County of Tompkins contributed \$2,616,056 and \$111,716 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 \$485,458 worth of Debt Service on the building occupied by the Library.

Note 7 - Subsequent Events

A. Bond Anticipation Notes

Subsequent to December 31, 2008, the County renewed \$11,100,000 of Bond Anticipation Notes and retired a \$995,000 Bond Anticipation Note. Additionally, \$6,500,000 of Bond Anticipation Notes was issued to renovate a building for the Health Department. The County is likely to issue additional Bond Anticipation Notes during 2009 in order to provide liquidity in advance of state and federal reimbursements on highway projects.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2008

Note 8 - Net Assets - Statement of Net Assets

Of the \$36,325,817 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	\$ 36,325,817
Designated for:	
Ensuing year's budget:	
General Fund	3,488,491
Solid Waste Fund	-0-
Road Machinery Fund	-0-
Carry-over of prior year's commitments (encumbrances)	1,629,811
Repairs and replacements	575,000
Home and Community - Open space protection	31,323
Capital projects pursuant to adopted capital program	6,111,066
Self insurance	1,700,210
Equity interest in joint venture, net of related debt	<u>20,480,300</u>
Total Designated Net Assets	<u>34,016,201</u>
Unrestricted, Undesignated Net Assets	<u>\$ 2,309,616</u>

Note 9 - Prior Period Adjustment

During the year, the County became aware that there were outstanding self insurance claims pending as of December 31, 2007. Therefore, beginning net assets in the Internal Service Fund and the Statement of Activities have been restated to include a liability of \$235,500.

Note 10 - Further Impacts of Accounting Pronouncements

The County has not completed the process of evaluating the impact that will result from adopting the GASB Statement Number 51, "Accounting and Financial Reporting for Intangible Assets" for the year ending December 31, 2009. This statement addresses accounting and financial reporting standards for intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software.

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Original Budget</u>	<u>Final Budget</u>
<u>REVENUES</u>		
Real property taxes	\$ 33,418,597	\$ 33,418,597
Real property tax items	<u>1,242,000</u>	<u>1,242,000</u>
Nonproperty tax items	<u>34,417,404</u>	<u>45,992,404</u>
Departmental income	<u>9,833,556</u>	<u>11,859,346</u>
Intergovernmental charges	<u>87,300</u>	<u>90,231</u>
Use of money and property	<u>1,264,000</u>	<u>1,264,000</u>
Licenses and permits	<u>2,500</u>	<u>2,500</u>
Fines and forfeitures	<u>218,905</u>	<u>220,063</u>
Sale of property and compensation for loss	<u>645,000</u>	<u>707,761</u>
Miscellaneous local sources	<u>1,692,974</u>	<u>1,956,527</u>
Interfund revenues	<u>2,299,012</u>	<u>2,303,609</u>
State sources	<u>22,356,358</u>	<u>25,846,939</u>
Federal sources	<u>12,775,824</u>	<u>14,803,460</u>
Total Revenues	<u>120,253,430</u>	<u>139,707,437</u>
<u>EXPENDITURES</u>		
Current:		
General Governmental Support	<u>13,339,686</u>	<u>25,284,170</u>
Education	<u>7,607,446</u>	<u>7,812,880</u>
Public Safety	<u>11,375,293</u>	<u>12,851,035</u>
Health	<u>16,405,593</u>	<u>18,191,574</u>
Transportation	<u>4,417,086</u>	<u>5,829,280</u>
Economic Assistance and Opportunity	<u>43,432,984</u>	<u>46,251,948</u>
Culture and Recreation	<u>4,646,474</u>	<u>4,727,949</u>
Home and Community Services	<u>1,399,412</u>	<u>1,512,836</u>
Employee Benefits	<u>11,256,123</u>	<u>12,044,615</u>
Debt service (principal and interest)	<u> </u>	<u>83,000</u>
Total Expenditures	<u>113,880,097</u>	<u>134,589,287</u>
Excess of Revenues	<u>6,373,333</u>	<u>5,118,150</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Interfund transfers (out)	<u>(11,181,596)</u>	<u>(11,198,132)</u>
Total Other Financing Sources (Uses)	<u>(11,181,596)</u>	<u>(11,198,132)</u>
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	<u>(4,808,263)</u>	<u>(6,079,982)</u>
Appropriated Fund Balance	<u>4,808,263</u>	<u>6,079,982</u>
Net (Decrease)	<u>\$ -0-</u>	<u>\$ -0-</u>
Fund Balance, Beginning of Year		
Fund Balance, End of Year		

See Independent Auditor's Report

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 33,182,280	\$	\$ (236,317)
1,953,298		711,298
46,687,986		695,582
11,221,218		(638,128)
707,128		616,897
995,854		(268,146)
3,383		883
179,485		(40,578)
824,714		116,953
1,508,600		(447,927)
523,066		(1,780,543)
25,078,334		(768,605)
12,587,601		(2,215,859)
135,452,947	-0-	(4,254,490)
24,145,498	157,499	981,173
7,812,551		329
11,341,218	336,819	1,172,998
15,776,719	40,577	2,374,278
5,441,399		387,881
43,799,838	245,241	2,206,869
4,674,535	24,550	28,864
1,101,380	110,004	301,452
11,692,869		351,746
82,396		604
125,868,403	914,690	7,806,194
9,584,544	(914,690)	3,551,704
(10,693,703)		504,429
(10,693,703)	-0-	504,429
(1,109,159)	\$ (914,690)	\$ 4,056,133
(1,109,159)		
18,255,813		
\$ 17,146,654		

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 COUNTY ROAD FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget
<u>REVENUES</u>		
Intergovernmental charges	\$ 270,194	\$ 271,985
Use of money and property		
Licenses and permits	14,000	14,000
Sale of property and compensation for loss	2,800	2,800
Miscellaneous local sources	68,000	68,000
State sources	1,461,330	1,701,752
Federal sources		
Total Revenues	1,816,324	2,058,537
<u>EXPENDITURES</u>		
Current:		
Public Safety	271,003	273,989
Transportation	5,798,660	6,708,202
Employee Benefits	690,000	708,636
Total Expenditures	6,759,663	7,690,827
Excess of (Expenditures)	(4,943,339)	(5,632,290)
<u>OTHER FINANCING SOURCES (USES)</u>		
Interfund transfers in	5,258,339	5,358,925
Interfund transfers (out)	(315,000)	(315,000)
Total Other Financing Sources (Uses)	4,943,339	5,043,925
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	-0-	(588,365)
Appropriated Fund Balance		588,365
Net Increase	\$ -0-	\$ -0-
Fund Balance, Beginning of Year		
Fund Balance, End of Year		

See Independent Auditor's Report

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 144,806	\$	\$ (127,179)
22,262		22,262
9,066		(4,934)
66,406		63,606
282,689		214,689
1,684,620		(17,132)
		-0-
2,209,849	-0-	151,312
<u>274,273</u>		<u>(284)</u>
6,129,120	377,795	201,287
707,626		1,010
7,111,019	377,795	202,013
<u>(4,901,170)</u>	<u>(377,795)</u>	<u>353,325</u>
5,358,925		-0-
(315,000)		-0-
5,043,925	-0-	-0-
142,755	\$ <u>(377,795)</u>	\$ <u>353,325</u>
<u>-0-</u>		
142,755		
2,052,701		
\$ <u>2,195,456</u>		

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 TRANSPORTATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget
<u>REVENUES</u>		
Departmental income	\$ 1,003,837	\$ 1,011,579
Intergovernmental charges	210,775	210,775
Use of money and property	1,178,174	1,178,174
Sale of property and compensation for loss	66,268	66,268
Miscellaneous local sources	4,840	4,840
Federal sources		249,674
Total Revenues	2,463,894	2,721,310
<u>EXPENDITURES</u>		
Current:		
Transportation	1,881,294	2,322,100
Employee Benefits	266,416	266,416
Total Expenditures	2,147,710	2,588,516
Excess of Revenues	316,184	132,794
<u>OTHER FINANCING SOURCES (USES)</u>		
Interfund transfers (out)	(316,184)	(303,987)
Total Other Financing Sources (Uses)	(316,184)	(303,987)
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	-0-	(171,193)
Appropriated Fund Balance		171,193
Net Increase (Decrease)	\$ -0-	\$ -0-
Fund Balance, Beginning of Year		
Fund Balance, End of Year		

See Independent Auditor's Report

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 1,143,564	\$	\$ 131,985
184,416		(26,359)
1,186,766		8,592
		(66,268)
8,663		3,823
209,805		(39,869)
2,733,214	-0-	11,904
2,373,444	263	(51,607)
262,888		3,528
2,636,332	263	(48,079)
96,882	(263)	(36,175)
(130,559)		173,428
(130,559)	-0-	173,428
(33,677)	\$ (263)	\$ 137,253
-0-		
(33,677)		
308,723		
\$ 275,046		

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 SOLID WASTE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget
<u>REVENUES</u>		
Departmental income	\$ 4,702,776	\$ 4,702,776
Use of money and property	25,000	25,000
Licenses and permits	20,000	20,000
Fines and forfeitures	1,325	1,325
Sale of property and compensation for loss	1,106,000	1,123,000
Miscellaneous local sources	17,160	17,160
State sources	156,584	156,584
Total Revenues	6,028,845	6,045,845
<u>EXPENDITURES</u>		
Current:		
Home and Community Services	4,688,214	4,672,084
Employee Benefits	237,878	250,777
Total Expenditures	4,926,092	4,922,861
Excess of Revenues	1,102,753	1,122,984
<u>OTHER FINANCING SOURCES (USES)</u>		
Interfund transfers (out)	(1,102,753)	(1,153,465)
Total Other Financing Sources (Uses)	(1,102,753)	(1,153,465)
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	-0-	(30,481)
Appropriated Fund Balance	156,774	30,481
Net Increase	\$ 156,774	\$ -0-
Fund Balance, Beginning of Year		
Fund Balance, End of Year		

See Independent Auditor's Report

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 4,865,403	\$	\$ 162,627
<u>35,697</u>		<u>10,697</u>
<u>25,580</u>		<u>5,580</u>
<u>1,370</u>		<u>45</u>
<u>1,140,192</u>		<u>17,192</u>
<u>22,791</u>		<u>5,631</u>
<u>68,333</u>		<u>(88,251)</u>
<u>6,159,366</u>	<u>-0-</u>	<u>113,521</u>
<u>4,514,171</u>	<u>145,654</u>	<u>12,259</u>
<u>250,776</u>		<u>1</u>
<u>4,764,947</u>	<u>145,654</u>	<u>12,260</u>
<u>1,394,419</u>	<u>(145,654)</u>	<u>125,781</u>
<u>(1,153,465)</u>		<u>-0-</u>
<u>(1,153,465)</u>	<u>-0-</u>	<u>-0-</u>
<u>240,954</u>	\$ <u>(145,654)</u>	\$ <u>125,781</u>
<u>-0-</u>		
<u>240,954</u>		
<u>1,705,719</u>		
\$ <u>1,946,673</u>		

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 SPECIAL GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Original Budget	Final Budget
<u>REVENUES</u>		
Departmental income	\$ 174,780	\$ 935,400
Miscellaneous local sources		
State sources		203,284
Federal sources	886,164	1,573,567
Total Revenues	1,060,944	2,712,251
<u>EXPENDITURES</u>		
Current:		
Economic Assistance and Opportunity	1,164,810	1,441,116
Home and Community Services		1,625,001
Total Expenditures	1,164,810	3,066,117
Excess of (Expenditures) Revenues	(103,866)	(353,866)
<u>OTHER FINANCING SOURCES (USES)</u>		
Total Other Financing Sources (Uses)	-0-	-0-
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	(103,866)	(353,866)
Appropriated Fund Balance	103,866	353,866
Net Increase	\$ -0-	\$ -0-
Fund Balance, Beginning of Year		
Fund Balance, End of Year		

See Independent Auditor's Report

<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 538,798	\$	\$ (396,602)
<u>32,275</u>		<u>32,275</u>
<u>75,671</u>		<u>(127,613)</u>
<u>1,634,914</u>		<u>61,347</u>
<u>2,281,658</u>	<u>-0-</u>	<u>(430,593)</u>
<u>1,288,803</u>		<u>152,313</u>
<u>744,385</u>		<u>880,616</u>
<u>2,033,188</u>	<u>-0-</u>	<u>1,032,929</u>
<u>248,470</u>	<u>-0-</u>	<u>602,336</u>
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>248,470</u>	\$ <u><u>-0-</u></u>	\$ <u><u>602,336</u></u>
<u>248,470</u>		
<u>1,113,199</u>		
\$ <u><u>1,361,669</u></u>		

COUNTY OF TOMPKINS
 SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
County of Tompkins	1/1/2008	\$ <u>-0-</u>	\$ <u>53,963,705</u>	\$ <u>53,963,705</u>	0.0%	\$ <u>37,580,168</u>	143.6%
Tompkins County Public Library	1/1/2008	\$ <u>-0-</u>	\$ <u>3,711,182</u>	\$ <u>3,771,182</u>	0.0%	\$ <u>1,846,314</u>	201.0%

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

COUNTY OF TOMPKINS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2008

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.

Note 3 - Schedule of Funding Progress

The Schedule of Funding Progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits. Because this is the first year of implementation, only one year of information is presented for the year ending December 31, 2008.

COUNTY OF TOMPKINS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008

	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	\$ 157,737	\$ 216,591	\$ 2,267,178	\$ 361,012
- Restricted				2,425,028
Temporary investments - Restricted				
Due from other funds	600,094		200,000	26,775
Due from state and federal governments				2,313,280
Other receivables, net	235			
Prepaid expenses	5,198			
Total Assets	\$ 763,264	\$ 216,591	\$ 2,467,178	\$ 5,126,095
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 130,346	\$	\$ 7,557	\$ 375,194
Accrued liabilities	2,949			
Due to other funds	112,108		37,895	575,276
Retained percentages			574	276,831
Total Liabilities	245,403	-0-	46,026	1,227,301
Fund Balances:				
Fund Balances - Reserved:				
Encumbrances	191,409			
Debt				
Total Reserved	191,409	-0-	-0-	-0-
Fund Balances - Unreserved, Reported in:				
Unappropriated, Reported in:				
Special Revenue Funds	326,452			
Capital Projects Funds		216,591	2,421,152	3,898,794
Debt Service Funds				
Total Fund Balances	517,861	216,591	2,421,152	3,898,794
Total Liabilities and Fund Balances	\$ 763,264	\$ 216,591	\$ 2,467,178	\$ 5,126,095

See Independent Auditor's Report

Capital Projects Funds				Debt Service Fund	Total Non-Major Governmental Funds
Home and Community Services Fund	Public Health Fund	Public Safety Fund	Education Fund	TTASC Fund	
\$ 1,118,963	\$ 326,236	\$ 752,685	\$ 394,001	\$ 298,601	\$ 5,268,167
			225,045	657,760	3,274,910
		6,600			657,760
		36,100			833,469
		5,265		741,359	2,349,380
				3,813	746,859
					9,011
<u>\$ 1,118,963</u>	<u>\$ 326,236</u>	<u>\$ 800,650</u>	<u>\$ 619,046</u>	<u>\$ 1,701,533</u>	<u>\$ 13,139,556</u>
\$ 18,465	\$ 195,618	\$ 30,924	\$	\$	\$ 758,104
		6,600	30,000		2,949
	32,450				761,879
					309,855
<u>18,465</u>	<u>228,068</u>	<u>37,524</u>	<u>30,000</u>	<u>-0-</u>	<u>1,832,787</u>
					191,409
				1,701,533	1,701,533
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>1,701,533</u>	<u>1,892,942</u>
					326,452
<u>1,100,498</u>	<u>98,168</u>	<u>763,126</u>	<u>589,046</u>		<u>9,087,375</u>
					-0-
<u>1,100,498</u>	<u>98,168</u>	<u>763,126</u>	<u>589,046</u>	<u>1,701,533</u>	<u>11,306,769</u>
<u>\$ 1,118,963</u>	<u>\$ 326,236</u>	<u>\$ 800,650</u>	<u>\$ 619,046</u>	<u>\$ 1,701,533</u>	<u>\$ 13,139,556</u>

COUNTY OF TOMPKINS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008

	Special	Capital Projects Funds		
	Revenue			
	Fund			
	Road		General	
	Machinery	TCAT	Government	Transportation
	Fund	Fund	Fund	Fund
<u>REVENUES</u>				
Intergovernmental charges	\$	\$	\$	\$
Use of money and property	8,268	5,662	53,654	113,193
Sale of property and compensation for loss	120,473			
Miscellaneous local sources	93,128			
Interfund revenues	1,576,671			
State sources		476,780		630,738
Federal sources		1,369,774		8,786,682
Total Revenues	1,798,540	1,852,216	53,654	9,530,613
<u>EXPENDITURES</u>				
General Governmental Support				
Transportation	1,856,833			
Employee Benefits	101,952			
Debt Service (principal and interest)				
Capital Outlay		1,848,368	51,864	9,812,918
Total Expenditures	1,958,785	1,848,368	51,864	9,812,918
Excess of (Expenditures) Revenues	(160,245)	3,848	1,790	(282,305)
<u>OTHER FINANCING SOURCES (USES)</u>				
Interfund transfers in		6,250	200,000	306,400
Interfund transfers (out)			(37,895)	(500,000)
Proceeds of obligations				5,100,000
Total Other Financing Sources (Uses)	-0-	6,250	162,105	4,906,400
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	(160,245)	10,098	163,895	4,624,095
Fund Balances, Beginning of Year	678,106	206,493	2,257,257	(725,301)
Fund Balances, End of Year	\$ 517,861	\$ 216,591	\$ 2,421,152	\$ 3,898,794

See Independent Auditor's Report

Home and Community Services Fund	Capital Projects Funds			Debt Service Fund	Total Non-Major Governmental Funds
	Public Health Fund	Public Safety Fund	Education Fund	TTASC Fund	
\$	\$	\$ 56,434	\$	\$	\$ 56,434
25,729	39,753	63,879	30,132	46,485	386,755
					120,473
				741,359	834,487
					1,576,671
		80,000			1,187,518
		1,074,161			11,230,617
25,729	39,753	1,274,474	30,132	787,844	15,392,955
				57,725	57,725
					1,856,833
					101,952
				660,012	660,012
94,107	3,822,802	3,493,931	886,987		20,010,977
94,107	3,822,802	3,493,931	886,987	717,737	22,687,499
(68,378)	(3,783,049)	(2,219,457)	(856,855)	70,107	(7,294,544)
75,930	180,000				768,580
			(30,000)		(567,895)
	3,500,000		2,500,000		11,100,000
75,930	3,680,000	-0-	2,470,000	-0-	11,300,685
7,552	(103,049)	(2,219,457)	1,613,145	70,107	4,006,141
1,092,946	201,217	2,982,583	(1,024,099)	1,631,426	7,300,628
\$ 1,100,498	\$ 98,168	\$ 763,126	\$ 589,046	\$ 1,701,533	\$ 11,306,769

John H. Dietershagen, C.P.A.
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**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, 2008, which collectively comprise the County of Tompkins basic financial statements and have issued our report thereon dated August 12, 2009. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Tompkins internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Tompkins' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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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*.

We noted certain matters that we reported to management of County of Tompkins in a separate letter dated August 12, 2009.

This letter 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.

A handwritten signature in cursive script that reads "Lisa Chi, Dietershagen, Little, Minkler & Company, LLP".

August 12, 2009
Ithaca, New York

John H. Dietershagen, C.P.A.
Jerry E. Mickelson, C.P.A.
Thomas K. Van Derzee, C.P.A.
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**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, 2008. The County of Tompkins' major federal programs are identified in the summary of auditor's 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 the County of Tompkins' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 of 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, 2008.

Internal Control Over Compliance

The management of the County of Tompkins is responsible for establishing and maintaining effective internal control over compliance with the 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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This letter 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.

A handwritten signature in cursive script that reads "Lisaachi, Dietershagen, Little, Minkler & Company, LLP".

August 12, 2009
Ithaca, New York

COUNTY OF TOMPKINS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal Catalog #</u>	<u>Pass-Through Grantor #</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Direct Program:			
School Breakfast Program	10.553	N/A	\$ 1,403
National School Lunch Program	10.555	N/A	2,124
Passed Through Great Lakes Commission:			
Soil and Water Conservation	10.902	N/A	5,280
Passed Through NYS Department of Social Services:			
Food Stamps	10.551	(1)	7,590,011
State Administrative Matching Grants for the Supplemental Nutrition Assistance Proram (formerly Food Stamps)	10.561	(1)	1,030,215
Passed Through NYS Health Department:			
Special Supplemental Nutrition Program for Women, Infants, and Children - Administration	10.557	C019318	270,550
Special Supplemental Nutrition Program for Women, Infants, and Children - Food Instruments	10.557	(1)	963,622
Special Supplemental Nutrition Program for Women, Infants, and Children - Food Instruments	10.557	C023590	71,918
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>9,935,123</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program:			
Community Development Block Grants - Small Cities Program	14.219	N/A	162,274
Passed Through NYS Governor's Office for Small Cities:			
Community Development Block Grants - State's Program	14.228	(1)	582,112
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>744,386</u>
<u>U.S. Department of Justice</u>			
Direct Program:			
Public Safety Partnership and Community Policing Grants	16.710	2005CKWX0036	493,322
Public Safety Partnership and Community Policing Grants	16.710	2004CKWX0213	494,739
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>988,061</u>
<u>U.S. Department of Labor</u>			
Passed Through NYS Office for the Aging:			
Senior Community Service Employment Program	17.235	(1)	22,949
Passed Through NYS Department of Labor:			
Trade Adjustment Assistance Workers	17.245	(1)	52,848
Welfare-to-Work Grants to States and Localities	17.253	(1)	37,623
WIA Adult Program	17.258	(1)	116,739
WIA Youth Activities	17.259	(1)	361,439
WIA Dislocated Workers	17.260	(1)	160,259
Passed Through National Retail Federation:			
Employment and Training Admin. Pilots, Demonstrations and Work Incentives Program	17.266	(1)	63,215
TOTAL U.S. DEPARTMENT OF LABOR			<u>815,072</u>
Subtotal Expenditures of Federal Awards			<u>12,482,642</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, 2008

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal Catalog #</u>	<u>Pass-Through Grantor #</u>	<u>Expenditures</u>
Subtotal Expenditures of Federal Awards Brought Forward			\$ <u>12,482,642</u>
<u>U.S. Department of Transportation</u>			
Direct Programs:			
Airport Improvement Program	20.106	N/A	6,559,680
Federal Transit - Capital Investment Grants	20.500	N/A	13,371
Federal Transit - Formula Grants	20.507	N/A	1,524,390
Small Community Air Service Development	20.930	N/A	209,805
Passed Through NYS Department of Transportation:			
Highway Planning and Construction	20.205	D022373	65,376
Highway Planning and Construction	20.205	D022374	144,852
Highway Planning and Construction	20.205	D022375	336,449
Highway Planning and Construction	20.205	D022376	10,943
Highway Planning and Construction	20.205	D024636	121,192
Highway Planning and Construction	20.205	D031531	80,877
Highway Planning and Construction	20.205	D030037	537,882
Highway Planning and Construction	20.205	D022378	197,483
Highway Planning and Construction	20.205	D022377	73,934
Highway Planning and Construction	20.205	D030942	837,179
Total Highway Planning and Construction			<u>2,406,167</u>
Federal Transit - Metropolitan Planning Grants	20.505	CO003719	327,928
Passed Through NYS Department of Motor Vehicles:			
State and Community Highway Safety	20.600	CS5500132	3,784
Selective Traffic Enforcement Program	20.601	PT5500151	2,000
Selective Traffic Enforcement Program	20.601	PT5500161	5,643
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>11,052,768</u>
<u>Environmental Protection Agency</u>			
Direct Programs:			
Regional Wetland Program Development Grants	66.461	(1)	2,808
Passed Through NYS Health Department:			
State Indoor Radon Grants	66.032	C022171	4,904
State Public Water System Supervision	66.432	C023508	113,096
State Public Water System Supervision	66.432	C022231	43,358
TOTAL ENVIRONMENTAL PROTECTION AGENCY			<u>164,166</u>
<u>U.S. Department of Education</u>			
Passed through NYS Department of Health:			
Special Education - Grants for Infants and Families with Disabilities	84.181A	C021827	62,379
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>62,379</u>
<u>Election Assistance Commission</u>			
Passed through NYS Board of Elections:			
Help America Vote Act Requirements Payments	90.401	T002634	402,781
TOTAL ELECTION ASSISTANCE COMMISSION			<u>402,781</u>
Subtotal Expenditures of Federal Awards			<u>24,164,736</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, 2008

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal Catalog #	Pass-Through Grantor #	Expenditures
Subtotal Expenditures of Federal Awards Brought Forward			\$ 24,164,736
<u>U.S. Department of Health and Human Services</u>			
Direct:			
Drug-Free Communities Support Program Grants	93.276		100,000
Passed Through NYS Office for the Aging:			
Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.042	(1)	12,068
Title III-D, Disease Prevention and Health Promotion Services	93.043	(1)	4,449
Title III-B, Grants for Supportive Services and Senior Centers	93.044	(1)	64,874
Title III-C, Nutrition Services	93.045	(1)	118,054
Special Programs for Aging - Discretionary Projects	93.048	(1)	7,427
National Family Caregiver Support	93.052	(1)	31,287
Nutrition Services Incentive	93.053	(1)	122,869
Low-Income Home Energy Assistance	93.568	(1)	26,109
Centers for Medicare and Medical Services Research, Demonstrations and Evaluations	93.779	(1)	31,003
Passed Through NYS Health Department:			
Immunization Grants	93.268	C018692	12,777
Immunization Grants	93.268	C023276	32,631
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	001626-06	74,586
Maternal and Child Health Services Block Grant to the States	93.994	C020635	32,792
Maternal and Child Health Services Block Grant to the States	93.994	C021584	27,504
Maternal and Child Health Services Block Grant to the States	93.994	C021667	42,000
Passed Through NYS Mental Health Department:			
Projects for Assistance in Transition from Homelessness	93.150	(1)	36,525
Medical Assistance Program	93.778	(1)	233,043
Block Grants for Community Mental Health Services	93.958	(1)	78,700
Passed Through NYS Board of Elections:			
Voting Access for Individuals with Disabilities - Grants to States	93.617	(1)	5,928
Passed Through NYS Department of Social Services:			
Temporary Assistance to Needy Families	93.558	(1)	4,778,707
Child Support Enforcement	93.563	(1)	278,186
Refugee and Entrant Assistance - State Administered Programs	93.566	(1)	
Low-Income Home Energy Assistance	93.568	(1)	2,541,621
Child Care and Development Block Grant	93.575	(1)	1,585,133
Foster Care - Title IV-E	93.658	(1)	1,217,232
Adoption Assistance	93.659	(1)	1,288,371
Social Services Block Grant	93.667	(1)	3,910,408
Chafee Foster Care Independent Living	93.674	(1)	63,515
Medical Assistance Program	93.778	(1)	1,508,160
Subtotal U.S. Department of Health and Human Services			<u>18,265,959</u>
Subtotal Expenditures of Federal Awards			<u>42,430,695</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, 2008

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal Catalog #</u>	<u>Pass-Through Grantor #</u>	<u>Expenditures</u>
Subtotal Expenditures of Federal Awards Brought Forward			\$ <u>42,430,695</u>
<u>U.S. Department of Health and Human Services (con't.)</u>			
Passed Through NYS State Office of Alcoholism and Substance Abuse Services:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(1)	725,821
Passed Through NYS Department of Labor:			
Temporary Assistance to Needy Families	93.558	(1)	<u>323,914</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		(1)	<u>19,315,694</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through NYS Division of Criminal Justice Services:			
Homeland Security Grant Program	97.067	WM05836250	65,000
Homeland Security Grant Program	97.067	WM04836260	<u>36,100</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>101,100</u>
<u>General Services Administration</u>			
Passed Through NYS Board of Elections:			
Elections Reform Payments - Help America Vote Act	39.011	(1)	<u>1,920</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>43,583,450</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, 2008

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, 2008, Tompkins County distributed \$7,590,011 worth of food stamps to eligible persons participating in the Food Stamp Program (CFDA Number 10.551) and \$963,622 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, 2008

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

Significant deficiency(ies) 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

Significant deficiency(ies) 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:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.551/10.561</u>	<u>Food Stamp Cluster</u>
<u>10.557</u>	<u>Women, Infants, and Children (WIC)</u>
<u>20.106</u>	<u>Airport Improvement Program</u>
<u>20.205</u>	<u>Highway Planning and Construction</u>
<u>93.568</u>	<u>Low-Income Home Energy Assistance</u>
<u>93.658</u>	<u>Foster Care - Title IV-E</u>
<u>93.659</u>	<u>Adoption Assistance</u>

Dollar threshold used to distinguish between type A and type B programs \$1,307,504

Auditee qualified as low-risk auditee: yes no

COUNTY OF TOMPKINS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
DECEMBER 31, 2008

Section II - Financial Statement Findings:	None
Section III - Federal Award Findings and Questioned Costs:	None