

COUNTY OF TOMPKINS

Ithaca, New York

FINANCIAL REPORT

December 31, 2006

COUNTY OF TOMPKINS

FOR THE YEAR ENDED DECEMBER 31, 2006

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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, 2006, 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, 2006, and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2007 on our consideration of the County of Tompkins' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County of Tompkins' basic financial statements. The supplementary information on pages 45 through 46a 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 17, 2007
Ithaca, New York

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006

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, 2006. 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 \$150,581,951 (net assets). Of this amount, \$38,364,883 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's overall net assets increased by \$9,902,540, or 7.0%, while unrestricted net assets increased by \$4,444,478, or 13.1%.
- During the year, the County had revenues of \$143,615,538, as compared to \$135,043,304 in 2005. Expenses of \$133,712,998 increased by \$10,257,190, from \$123,455,808 in the prior year.
- Revenues exceeded expenditures in the Governmental Funds by \$9,883,917, bringing fund balances to \$52,680,009 at year end.
- The General Fund recorded a decrease of \$(280,617) in 2006 and ended the year with a fund balance of \$17,168,470. Of this fund balance, \$1,453,462 was reserved for future expenditures, \$4,110,610 was designated to support the 2007 budget, and \$11,604,398 was unreserved and undesignated.
- The County's long-term obligations at year-end totaled \$71,801,049, an increase of \$13,643,257 from 2005 as a result of the debt issued to finance capital projects.

USING THIS ANNUAL REPORT

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

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

Reporting the County as a Whole

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

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

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

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

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

Governmental Activities: Most of the County's services are reported in this category, including Public Safety, Public Health, Economic Assistance, Transportation, and General Administration. Property and sales taxes, and state and federal grants finance most of these activities.

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

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

Reporting the County's Most Significant Funds

Fund Financial Statements

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

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

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

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

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, 2006 increased \$9,902,540, from \$140,679,411 to \$150,581,951. In contrast, last year net assets increased by \$11,587,496.

The largest portion of the County's net assets of \$100,774,954 (66.9%) 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 \$11,442,114 (7.6%) 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 \$38,364,883 (25.5%) may be used to meet the government's ongoing obligations and services to creditors and citizens. Of these net assets, the County has appropriated \$4,539,051 for 2007 expenses and designated another \$27,781,437 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
	2005 Reclassified	2006	2005 - 2006
<i>Current assets-County</i>	\$ 41,648,270	\$ 47,927,718	15.1%
<i>Assets - TTASC</i>	1,728,262	1,744,416	0.9%
<i>Capital assets, net</i>	131,876,688	141,715,999	7.5%
<i>Other noncurrent assets - County</i>	37,871,259	45,958,960	21.4%
Total Assets	213,124,479	237,347,093	11.4%
<i>Current liabilities - County</i>	28,493,398	28,425,688	-0.2%
<i>Current liabilities - TTASC</i>	151,048	176,048	16.6%
<i>Noncurrent liabilities - County</i>	33,102,048	47,365,712	43.1%
<i>Noncurrent liabilities - TTASC</i>	10,698,574	10,797,694	0.9%
Total Liabilities	72,445,068	86,765,142	19.8%
<i>Invested in capital assets, net of debt</i>	95,411,012	100,774,954	5.6%
<i>Restricted</i>	11,347,994	11,442,114	.8%
<i>Unrestricted</i>	33,920,405	38,364,883	13.1%
Total Net Assets	\$ 140,679,411	\$ 150,581,951	7.0%

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

The County's total revenues increased by 6.3%, while the total cost of all programs and services increased by 8.3%, with no substantive program realignments implemented during the year. Our analysis in Figure 2 separately considers the operations of Governmental Activities.

Figure 2 - Changes in Net Assets

	Governmental Activities		Percent Change
	2005	2006	2005 - 2006
REVENUES			
<i>Program Revenues:</i>			
Charges for services	\$ 19,868,525	\$ 20,746,527	4.4%
Operating grants	39,124,965	36,335,050	-7.1%
Capital grants	8,158,876	11,117,308	36.3%
<i>General Revenues:</i>			
Property taxes and tax items	31,282,491	31,396,281	0.4%
Sales and other taxes	31,824,150	32,300,442	1.5%
Tobacco settlement - County	634,658	657,610	3.6%
Tobacco settlement - TTASC	634,658	657,610	3.6%
Unrestricted grants	36,940	743,236	1912.0%
Use of money and property	2,785,661	4,270,538	53.3%
Change in equity interest in joint ventures	46,990	4,941,002	10415.0%
Other	645,390	449,934	-30.3%
Total Revenues	135,043,304	143,615,538	6.3%
PROGRAM EXPENSES			
General Government	13,450,521	14,108,490	4.9%
Education	6,909,422	10,529,422	52.4%
Public Safety	13,660,520	15,323,101	12.2%
Public Health	16,249,333	16,956,003	4.3%
Transportation	15,530,959	17,642,285	13.6%
Economic Assistance and Opportunity	45,286,115	44,327,580	-2.1%
Culture and Recreation	4,371,955	4,622,548	5.7%
Home and Community	5,876,198	7,127,179	21.3%
Interest on Long-term Debt	2,120,785	3,076,390	45.1%
Total Expenses	123,455,808	133,712,998	8.3%
INCREASE IN NET ASSETS	\$ 11,587,496	\$ 9,902,540	-14.5%

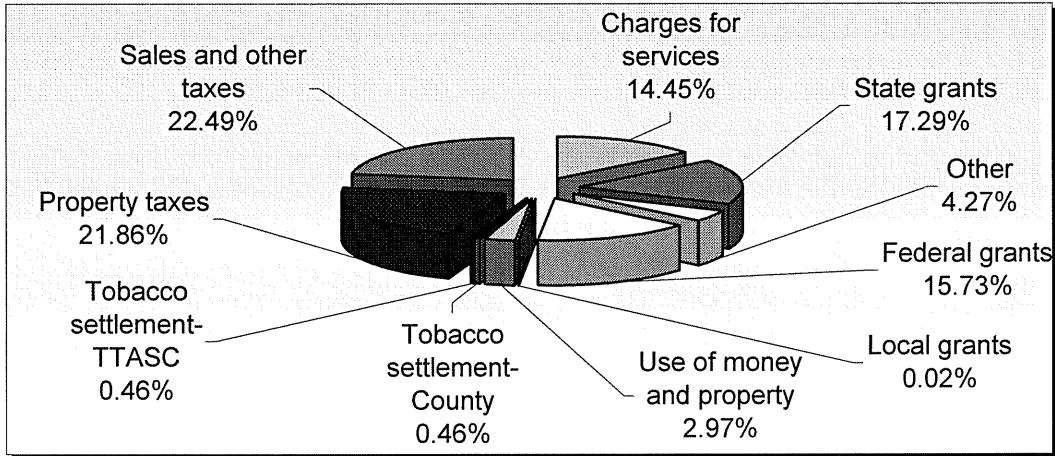
In 2006, net assets increased by \$9.9 million as a result of a variety of positive factors. Revenues grew by \$8.6 million or 6.3%, as compared to growth in expenses of \$10.3 million or 8.3%.

Contributing factors on the income side included a \$2.95 million increase in capital grants for transit and Public Safety. Sales and property tax items grew by \$0.6 million. Use of money and property increased by 53.3% or \$1.5 million primarily because of investment of capital project resources. Unrestricted grants reflected a one time increase of \$0.7 million. The most substantial change was a \$4.9 million increase in the equity interest in joint ventures. This increase is primarily because of the expansion of facilities at the community college. The 2006 revenues also reflected a decrease of (\$2.8) million in operating grants resulting from changes in federal and state funding.

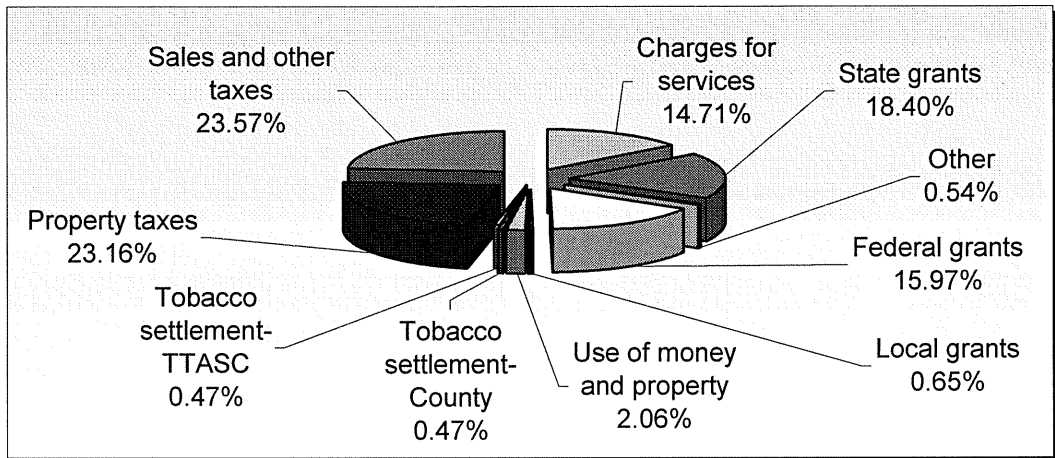
COUNTY OF TOMPKINS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2006

Figures 3 and 4 show in percentages the sources of revenues for 2006 and 2005.

**Figure 3 - Revenue by Source
 Governmental Activities
 2006**



**Figure 4 - Revenue by Source
 Governmental Activities
 2005**



The cost of all Governmental Activities this year was \$133,712,998. 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 \$65,514,113, 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 \$68,198,885. The County paid for the remaining "public benefit" portion of Governmental Activities with \$75,416,653 in taxes and with other revenues, such as interest and general entitlements.

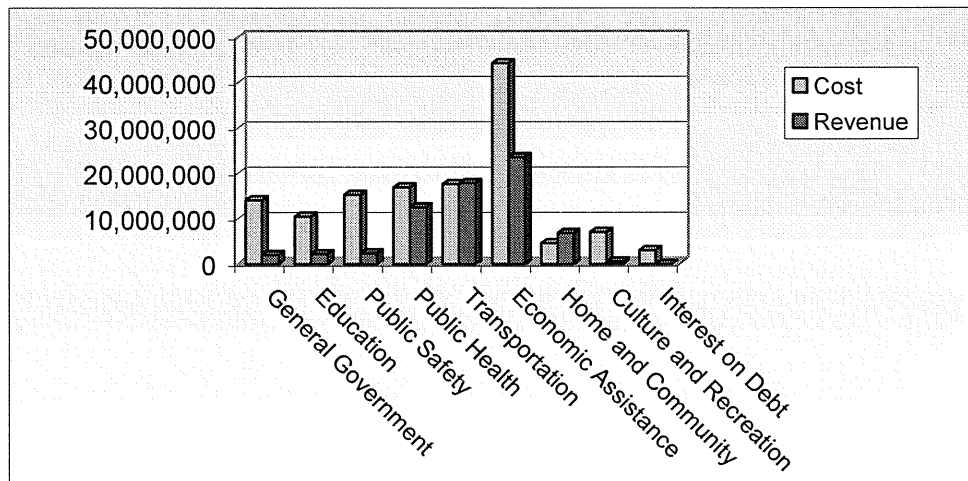
COUNTY OF TOMPKINS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2006

A comparison of program expenses, outlined in Figure 2, highlights the following: General Government program activities reflect an increase of \$.7 million or 4.9% as a result of salary and benefit increases, and facility improvements. Education expenses increased by \$3.6 million or 52.4% because of investments at the community college and increased growth in cost for pre-school children services. Public Safety reflected an increase of approximately \$1.6 million, or 12.2% because of retroactive contract settlement and, increases in jail operations due to boarding of prisoners in outside facilities because of space limits. Public Health reflected an increase of \$.7 million or 4.3% y as a result of increased salaries and benefits and program cost.

Program expenses for Transportation were up by \$2.1 million or 13.6% because of contractual salary adjustments, increased funding for transit activities, and road and bridge projects. Economic Assistance and opportunity expenses reflected a modest decrease of 2.1% or \$.9 million, largely as a result of changes implemented by NYS in the Medicaid program. Culture and Recreation activities reflected an increase of \$.3 million or 5% primarily as a result of increased support for library services and contractual salary adjustments. Home and Community activities were up by \$1.2 million or 21.3% largely the result of a grant for farmland protection and supportive housing programs. Interest on Long-term Debt was up by \$.9 million or 45.1%, as the result of new financings required for capital projects.

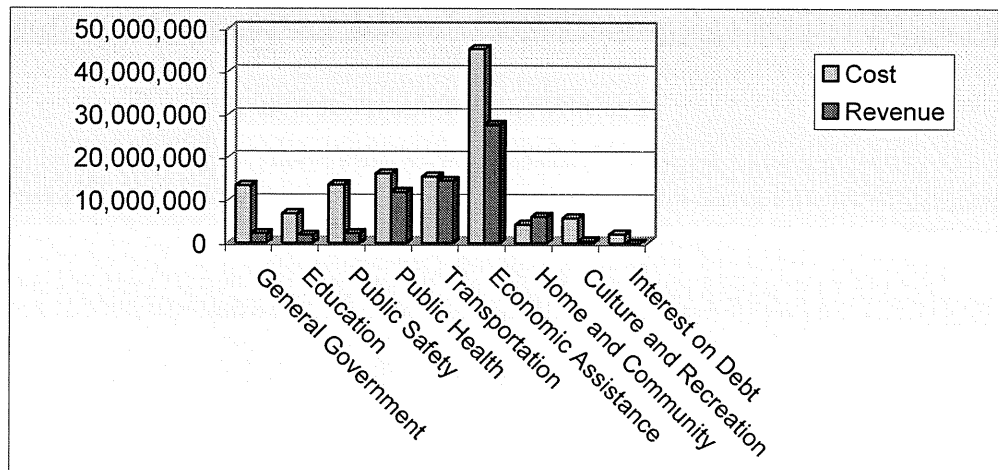
The total cost versus revenue generated by activities for the County's largest programs is presented below. The difference between the cost and revenue shows the relative financial burden that was placed on the County's taxpayers by each of these functions.

**Figure 5 - Net Program Cost
 Governmental Activities
 2006**



COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

**Figure 6 - Net Program Cost
Governmental Activities
2005**



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 \$52,680,009, which is higher than last year's total, largely due to the proceeds of debt issued to fund capital projects. Of this amount, \$3,752,746 is reserved for future expenditures and \$4,539,0514 is designated for 2007 expenditures, leaving \$44,388,212 in unreserved and undesignated fund balances. However, of these fund balances \$26,807,178 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**

	2005	2006	Dollar Change
Major Funds:			
General Fund	\$ 17,449,087	\$ 17,168,470	\$ (280,617)
County Road Fund	1,525,627	1,807,773	282,146
Transportation (Airport) Fund	264,527	482,779	218,252
Solid Waste Fund	1,614,107	1,507,734	(106,373)
Special Grant Fund	990,452	1,162,621	172,169
Debt Service Fund	1,373,283	1,510,373	137,090
Public Safety Capital Project Fund	9,456,552	15,104,339	5,647,787
Non-Major Funds:			
Road Machinery Fund	424,693	602,641	177,948
TCAT Capital Project Fund	208,744	798,897	590,153
General Government Capital Project Fund	3,371,458	2,113,226	(1,258,232)
Transportation Capital Project Fund	(419,274)	3,427,138	3,846,412
Home and Community Service Capital Project Fund	1,112,825	1,103,510	(9,315)
Public Health Capital Project Fund	185,850	191,254	5,404
Education Capital Project Fund	3,679,244	4,110,961	431,717
TTASC Debt Service Fund	1,558,917	1,588,293	29,376
Totals	\$ 42,796,092	\$ 52,680,009	\$ 9,883,917

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

This year's total change in fund balance of \$9,883,917 is an increase of 23.1%, compared to a \$13,736,329 increase in 2005. Of the major operating funds, the General Fund decreased by (\$0.28 million), or (1.7%). The General Fund's fund balance decline was the result of budget deficiencies in mandated programs for pre-school children, housing of inmates in the County's custody, and indigent legal services. The Solid Waste Fund was the only other operating fund reflecting diminishment. The Solid Waste Fund decreased by (\$106,373) or (6.6%) largely as the result of decline in market prices for recycled materials. The Road Fund increased by \$282,146 or 18.5% as a result of weather conditions delaying construction projects during the year. The Special Grant Fund increased by \$172,169 or 17.4%, largely the result of the cyclical nature of grant funding and housing and economic development loan repayments. The Debt Service Fund increased by \$137,090 or 10.0% because of larger than anticipated transfer of earnings on unexpended bond proceeds. The Airport Fund reversed its operations decline by posting a positive increase of \$218,252 or 82.5% increase. The Airport Fund increase is attributable to increased business activity. The fund balances in listed capital projects vary and are dependent on grant reimbursements, financing completion, and status of project completion.

General Fund Budgetary Highlights

Over the course of the year, the County Legislature revised the County budget several times. These budget amendments consist of budget transfers between functions, which do not increase the overall budget. In addition to these transfers, the County Legislature increased the overall budget to provide for unspent appropriations from the previous year (encumbrances) and various grants where the majority of the funding came from federal and state sources. At the close of the year it was necessary to amend the budget by approximately \$1.8 million in order to offset over-runs in mandated programs.

**Figure 8 - Budgetary Comparison Schedule - General Fund
December 31, 2006**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Variance Fav.-(Unfav.)</i>
REVENUES				
<i>Real property taxes and tax items</i>	\$ 31,882,442	\$ 31,882,442	\$ 31,895,702	\$ 13,260
<i>Nonproperty tax items</i>	31,407,091	31,704,134	32,300,442	596,308
<i>Departmental income</i>	10,418,653	11,051,476	11,166,717	115,241
<i>Fines and forfeitures</i>	205,500	405,500	396,960	(8,540)
<i>Use of money and property</i>	791,000	1,309,813	1,460,951	151,138
<i>Miscellaneous local sources</i>	1,541,916	1,897,285	1,003,875	(893,410)
<i>Sale of property and compensation for loss</i>	695,000	720,710	738,071	17,361
<i>State sources</i>	20,804,246	21,990,522	21,240,176	(750,346)
<i>Federal sources</i>	13,964,098	15,114,092	13,969,673	(1,144,419)
<i>Other</i>	658,564	739,076	1,381,414	642,338
Total Revenues and Other Financing Sources	\$ 112,368,510	\$ 116,815,050	\$ 115,553,981	\$ (1,261,069)
Appropriated Fund Balance	\$ 3,613,594	\$ 5,208,598	\$ -0-	\$ -0-

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

Figure 8 - Budgetary Comparison Schedule - General Fund (Continued)
December 31, 2006

	Original Budget	Final Budget	Actual w/ Encumbrances	Variance Fav.-(Unfav.)
EXPENDITURES				
<i>General Government</i>	\$ 14,080,228	\$ 14,005,303	\$ 13,919,819	\$ 85,484
<i>Education</i>	5,952,559	6,850,175	6,850,154	21
<i>Public Safety</i>	13,170,493	15,671,890	15,011,035	660,855
<i>Public Health</i>	16,929,171	17,983,872	16,855,842	1,128,030
<i>Transportation</i>	4,142,227	5,190,171	4,949,951	240,220
<i>Economic Assistance and Opportunity</i>	44,383,875	45,767,522	43,349,576	2,417,946
<i>Culture and Recreation</i>	4,281,225	4,344,580	4,296,413	48,167
<i>Home and Community</i>	1,658,525	1,896,168	1,825,329	70,839
<i>Employee Benefits</i>	1,250,103	90,269	79,846	10,423
<i>Other Financing Uses</i>	10,133,698	10,223,698	9,515,845	707,853
Total Expenditures and Other Financing Uses	\$ 115,982,104	\$ 122,023,648	\$ 116,653,810	\$ 5,369,838
<i>Excess of (Expenditures) and Other Financing Sources (Uses)</i>	\$ -0-	\$ -0-	\$ (1,099,829)	\$ 4,108,769

Even with these adjustments, the actual charges to appropriations (expenditures) were below the final budget amounts. The most significant positive variance occurred within Economic Assistance and Opportunity, as the social services budget reflected unexpended balances of \$960,000 in administration, \$865,000 HEAP, \$340,000 in purchase of services, and \$320,000 in Children's Services. Public Health expenditures balances were mostly in mental health program authorizations, which were not released because of funding limitations. In General Government, unexpended balances primarily reflect decisions by departmental managers to defer activities. Public Safety balances were reflected of \$70,000 of unexpended grant funds in emergency response and other balances of \$112,000 in sheriff and \$110,000 in probation. Home and Community services unexpended appropriations reflect deferral of activities in the planning department and tourism promotion.

Revenues appropriated to support operations were \$1,261,000 below actual budget receipts; however at year end adjustments to revenue budgets were authorized in order to offset expenditures in certain mandated programs. A total of \$1,759,781 of such adjustments was made to offset expenditures. The 2006 revenue adjustments were from many sources and a substantial portion attributable to unique one-time circumstances.

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2006, the County had \$141,715,999, net of accumulated depreciation of \$84,484,150, 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 \$9,839,311 over last year.

Figure 9 - Capital Assets, Net of Depreciation

	<i>Governmental Activities</i>		<i>Percent Change</i>
	<i>2005</i>	<i>2006</i>	<i>2005 - 2006</i>
<i>Land</i>	\$ 7,040,814	\$ 7,040,814	0.0%
<i>Construction in progress</i>	1,008,174	4,669,394	363.2%
<i>Buildings and improvements</i>	50,505,866	50,316,555	0.4%
<i>Equipment</i>	5,586,165	6,941,094	24.3%
<i>Infrastructure</i>	67,735,669	72,748,142	7.4%
<i>Totals</i>	\$ 131,876,688	\$ 141,715,999	7.5%

This year's additions consisted of:

Land and construction in progress	\$ 3,661,220
Buildings and building improvements	2,335,581
Machinery and equipment	1,928,256
Infrastructure	<u>8,153,150</u>
 Total Additions	 16,078,207
Less Net Book Value of Disposals	(76,918)
Less depreciation expense	<u>(6,161,978)</u>
 Change in Capital Assets, Net of Accumulated Depreciation	 <u>\$ 9,839,311</u>

Debt Administration

Total long-term liabilities increased in 2006 by \$13,643,257, as shown in Figure 10. This was largely the result of debt issued to fund Public Safety facility improvements and an energy performance contract. Of the total indebtedness of the County, \$41,435,000 was subject to the constitutional debt limit and represented 13% of the County's statutory debt limit. Tobacco settlement pass-through bonds are debt of the Tompkins Tobacco Asset Securitization Corporation (TTASC), under which 50% of the County's future tobacco settlement proceeds were securitized. The County is not responsible for this debt in the event that the TTASC were to default in repayment of the bonds.

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

Figure 10 - Outstanding Debt at Years Ended

	Governmental Activities		Dollar Change
	2005	2006	2005 - 2006
<i>Serial bonds</i>	\$ 32,480,455	\$ 37,021,170	\$ 4,540,715
<i>Bond Anticipation Note payable</i>	11,195,000	9,020,000	(2,175,000)
<i>Rental commitments</i>	51,652	-0-	(51,652)
<i>Compensated absences</i>	2,780,751	3,129,335	348,584
<i>Installment purchase debt</i>	-0-	10,956,490	10,956,490
<i>Workers' compensation claims</i>	800,312	700,312	(100,000)
<i>Tobacco settlement pass-through bonds</i>	10,849,622	10,973,742	124,120
Totals	\$ 58,157,792	\$ 71,801,049	\$ 13,643,257

The County continues to maintain a Moody's bond rating of Aa2. The rating was reaffirmed in March 2007 in conjunction with a bond issue in the amount of \$5,600,000. The County anticipates increase in bonded indebtedness in the coming years as projects in the capital improvement program are authorized. More detailed information about the County's long-term liabilities is presented in Note 2-B-2 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Tompkins County will continue to be challenged by structural imbalance between program cost and revenue growth. The County Legislature is sensitive to the property tax burden and has instituted policies that promote stability and predictability. The budget adopted for 2007 maintains service levels and partially absorbs \$18 million of new debt into the cost of operations. The 2007 tax levy reflects an increase of \$1.6 million or 5% over the 2006 levy of \$33.1 million. Property valuations remain stable, and increased from \$5,024,073,912 to \$5,145,602,707 or 2.4%. The growth in valuations partially absorbed increases in the tax levy as tax rates increased from \$6.59 to \$6.76 or 2.6%.

The 2007 budget reflects an increased use of General Fund Balance from \$2.8 million to \$4.2 million. Sales tax receipts are estimated to increase by 3.25%, which is consistent with patterns over the past five years. The 2007 sales tax estimate is however more aggressive than prior budgets.

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

There are substantial challenges that could impact future operations. For example, the County is dependent to a significant extent on state and federal funding of many mandated and essential services. Recent trends suggest that state and federal retrenchment and reduction in financial assistance is likely. While recent changes to the Medicaid program have stabilized expenses, there has been worrisome growth in mandated services for pre-school children. For example at year end 2006, a supplemental appropriation of \$700,000 was required to offset unexpected expenses in the pre-school program. The 2007 budget also included an additional \$ 500,000 in the Contingent Fund as a hedge against continued growth in these services.

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

Another pressure on operations is the housing capacity of the County jail. During the past two years the County has not been able to accommodate all inmates in County custody at the jail because of housing limits imposed by NYS Department of Corrections. The consequence of inadequate space has been the boarding of County inmates in other counties at an average cost of \$85 a day. During 2006, boarding of inmates outside the County cost \$670,000. The 2007 budget includes funding of \$425,000 for this purpose.

One of the most challenging issues confronting the County will be managing the absorption of significant new debt into the budget. During 2006 the financing was completed for a \$16 Million replacement of the Public Safety communications system, and in early 2007, \$5.6 million of permanent financing was added for community college expansion and road improvements.

The County's capital program identifies facilities for the Health Department and Jail as approaching the end of their useful lives, and will require significant investment within the five-year plan. It has also been recognized that the road and bridge network will require consistent investment.

Another reoccurring challenge has been assisting the Tompkins Consolidated Transit (TCAT), the joint venture that provides transportation services within the county. The County is the recipient of federal and state aid for the system, however the flow of grant funds does not match cash outlay of the system. The County has provided assistance by advancing most of the \$2,500,000 in state operating grants to the system to cover ongoing expenses. In 2007, the County issued a \$3.5 million Revenue Anticipation Note to advance operating assistance grants, and capital bus purchases to the system.

Finally, the County will be subject to the GASB 45 requirement of valuation of Post Employment Benefits. During 2007, an actuary will be engaged to assist in this project. The County recognizes that post employment benefits will become a significant cost in future years if current practices remain in effect.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

COUNTY OF TOMPKINS
STATEMENT OF NET ASSETS
DECEMBER 31, 2006

	Primary	Component Units		
	Governmental Activities	Tompkins County Public Library	Industrial Development Agency	Soil and Water Conservation District
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 21,623,516	\$ 365,199	\$ 727,109	\$ 685,027
Restricted cash	2,071,833			
Restricted cash - TTASC	272,061			
Taxes receivable, net	4,787,259			
Accounts receivable, net	4,388,439	149,364	254,354	30,975
Accounts receivable - TTASC, net	654,343			
Loans receivable - Current portion	480,000			
Due from state and federal governments	13,272,549			17,663
Due from other governments	63,267			
Securities and mortgages	320,000			
Prepaid expenses	920,855			
Total Current Assets	<u>48,854,122</u>	<u>514,563</u>	<u>981,463</u>	<u>733,665</u>
Noncurrent Assets:				
Restricted cash and cash equivalents	21,673,648			
Restricted investments - TTASC	657,920			
Investments		952,900		
Accounts receivable in more than one year		99,856	87,047	
Loans receivable - Long-term portion	3,171,773			
Securities and mortgages	2,626,127			
Unamortized bond issue costs - TTASC	160,092			
Equity interest in joint ventures	18,487,412			
Capital assets - Land and construction in progress	11,710,208			
Capital assets - Depreciable, net of accumulated depreciation	130,005,791	1,137,035		67,533
Total Noncurrent Assets	<u>188,492,971</u>	<u>2,189,791</u>	<u>87,047</u>	<u>67,533</u>
Total Assets	<u>237,347,093</u>	<u>2,704,354</u>	<u>1,068,510</u>	<u>801,198</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts payable	4,933,251	95,977		
Accrued liabilities	1,567,619	63,194		5,301
Interest payable	893,829			
Due to other governments	2,996,707		99,848	
Due to employees' retirement system				15,835
Compensated absences				15,600
Retained percentages	142,300			
Deferred revenue	4,361,666			793,819
Other	68,721			
Long-term obligations due within one year - County	13,461,595			
Long-term obligations due within one year - TTASC	176,048			
Total Current Liabilities	<u>28,601,736</u>	<u>159,171</u>	<u>99,848</u>	<u>830,555</u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
STATEMENT OF NET ASSETS
(CONTINUED)
DECEMBER 31, 2006

	Primary Government	Component Units		
	Governmental Activities	Tompkins County Public Library	Industrial Development Agency	Soil and Water Conservation District
Total current liabilities carried forward	\$ 28,601,736	\$ 159,171	\$ 99,848	\$ 830,555
Noncurrent Liabilities:				
Long-term obligations due after one year - County	47,365,712	108,599	_____	_____
Long-term obligations due after one year - TTASC	10,797,694	_____	_____	_____
Total Noncurrent Liabilities	58,163,406	108,599	-0-	-0-
 Total Liabilities	 86,765,142	 267,770	 99,848	 830,555
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	100,774,954	1,136,159	_____	67,533
Restricted for:				
Community Development	4,814,394	_____	_____	_____
Public Safety	250,674	_____	_____	_____
Economic Assistance and Opportunity	332,253	_____	_____	_____
Library - Expendable	_____	201,262	_____	_____
Debt	6,044,793	_____	_____	_____
Library - Nonexpendable	_____	390,143	_____	_____
Total Restricted Net Assets	11,442,114	591,405	-0-	-0-
Unrestricted	38,364,883	709,020	968,662	(96,890)
Total Net Assets	\$ 150,581,951	\$ 2,436,584	\$ 968,662	\$ (29,357)

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Program Revenues			
<u>FUNCTIONS/PROGRAMS</u>	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Government Activities:				
General Governmental Support	\$ 14,108,490	\$ 1,726,998	\$ 305,894	\$
Education	10,529,422	479,141	1,735,157	
Public Safety	15,323,101	736,841	1,680,678	
Health	16,956,003	6,736,720	5,839,589	
Transportation	17,642,285	3,264,225	3,496,877	11,117,308
Economic Assistance and Opportunity	44,327,580	2,149,057	21,460,247	
Culture and Recreation	4,622,548	190,240	396,287	
Home and Community Services	7,127,179	5,463,305	1,420,321	
Interest on Debt-County	2,317,776			
Interest on Debt-TASC	758,614			
 Total Governmental Activities	 \$ 133,712,998	 \$ 20,746,527	 \$ 36,335,050	 \$ 11,117,308
 Component Units:				
Tompkins County Public Library	\$ 3,413,471	\$ 112,705	\$ 3,205,888	\$
Industrial Development Agency	347,967	326,572		
Soil and Water Conservation	977,611	81,753	787,169	
 Total Component Units	 \$ 4,739,049	 \$ 521,030	 \$ 3,993,057	 \$ -0-

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

GENERAL REVENUES

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

Change in Net Assets

Net Assets - Beginning of Year, Restated

Net Assets - End of Year

See Independent Auditor's Report and Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government	Component Units		
	Tompkins County Public Library	Industrial Development Agency	Soil and Water Conservation District
\$ (12,075,598)	\$ _____	\$ _____	\$ _____
(8,315,124)	_____	_____	_____
(12,905,582)	_____	_____	_____
(4,379,694)	_____	_____	_____
236,125	_____	_____	_____
(20,718,276)	_____	_____	_____
(4,036,021)	_____	_____	_____
(243,553)	_____	_____	_____
(2,317,776)	_____	_____	_____
(758,614)	_____	_____	_____
(65,514,113)	-0-	-0-	-0-
_____	(94,878)	_____	_____
_____	_____	(21,395)	_____
_____	_____	_____	(108,689)
-0-	(94,878)	(21,395)	(108,689)
(65,514,113)	(94,878)	(21,395)	(108,689)
30,220,132	_____	_____	_____
1,176,149	_____	_____	_____
32,300,442	_____	_____	_____
657,610	_____	_____	_____
657,610	_____	_____	_____
743,236	_____	_____	_____
4,270,538	148,421	27,566	17,675
384,024	12,240	_____	5,547
65,910	_____	_____	_____
4,941,002	_____	_____	_____
75,416,653	160,661	27,566	23,222
9,902,540	65,783	6,171	(85,467)
140,679,411	2,370,801	962,491	56,110
\$ 150,581,951	\$ 2,436,584	\$ 968,662	\$ (29,357)

COUNTY OF TOMPKINS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	Major Funds		
	Special Revenue Funds		
	General Fund	County Road Fund	Transportation Fund
<u>ASSETS</u>			
Assets:			
Cash and cash equivalents - Unrestricted	\$ 11,997,318	\$ 704,131	\$ 162,108
- Restricted	634,250		
Taxes receivable, net	4,787,259		
Due from other funds	362,970	1,176,956	249,351
Due from state and federal governments	9,417,179	200,632	
Due from other governments	63,267		91,846
Other receivables, net	4,062,247	264	312,751
Prepaid expenses	832,693	39,532	14,887
Securities and mortgages			
Loans receivable			
Total Assets	\$ 32,157,183	\$ 2,121,515	\$ 830,943
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 3,138,055	\$ 71,616	\$ 62,744
Accrued liabilities	1,436,194	59,764	24,859
Due to other funds	1,776,569	179,687	235,561
Due to other governments	2,994,116		
Retained percentages		2,675	
Other liabilities	43,721		25,000
Deferred revenues	5,600,058		
Total Liabilities	14,988,713	313,742	348,164
Fund Balances:			
Fund Balances - Reserved:			
Encumbrances	819,212	75,807	51,994
Repairs and replacements			175,000
Miscellaneous reserve	634,250		
Debt			
Total Reserved	1,453,462	75,807	226,994
Fund Balances - Unreserved			
Appropriated	4,110,610		
Fund Balances - Unreserved			
Unappropriated, Reported in:			
General Fund	11,604,398		
Special Revenue Funds		1,731,966	255,785
Capital Projects Funds			
Debt Service Funds			
Total Unreserved	15,715,008	1,731,966	255,785
Total Fund Balances	17,168,470	1,807,773	482,779
Total Liabilities and Fund Balances	\$ 32,157,183	\$ 2,121,515	\$ 830,943

See Independent Auditor's Report and Notes to Financial Statements

Major Funds

Special Revenue Funds		Capital Projects Fund		Total Non-Major Governmental Funds	Total Governmental Funds
Solid Waste Fund	Special Grant Fund	Public Safety Fund	Debt Service Fund		
\$ 1,077,233	\$	\$ 1,780,053	\$	\$ 3,805,593	\$ 19,526,436
400,000	1,134,008	14,649,448	665,764	6,534,072	24,017,542
363,948	47,368		845,669	402,245	4,787,259
	88,261			3,430,004	13,136,076
44,628					199,741
6,864	1,285			659,371	5,042,782
12,927	12,278			8,538	920,855
			2,946,127		2,946,127
	3,651,773				3,651,773
<u>\$ 1,905,600</u>	<u>\$ 4,934,973</u>	<u>\$ 16,429,501</u>	<u>\$ 4,457,560</u>	<u>\$ 15,497,743</u>	<u>\$ 78,335,018</u>
\$ 323,894	\$ 26,212	\$ 895,316	\$ 1,060	\$ 378,153	\$ 4,897,050
21,148	15,945			9,709	1,567,619
52,824	75,831	400,000		1,064,182	3,784,654
	2,591				2,996,707
		29,846			32,521
				109,779	178,500
	3,651,773		2,946,127		12,197,958
397,866	3,772,352	1,325,162	2,947,187	1,561,823	25,655,009
13,023	4,109	42,147		26,831	1,033,123
400,000					575,000
					634,250
			1,510,373		1,510,373
413,023	4,109	42,147	1,510,373	26,831	3,752,746
156,774				271,667	4,539,051
937,937	1,158,512			304,143	11,604,398
		15,062,192		11,744,986	4,388,343
				1,588,293	26,807,178
1,094,711	1,158,512	15,062,192	-0-	13,909,089	1,588,293
1,507,734	1,162,621	15,104,339	1,510,373	13,935,920	48,927,263
<u>\$ 1,905,600</u>	<u>\$ 4,934,973</u>	<u>\$ 16,429,501</u>	<u>\$ 4,457,560</u>	<u>\$ 15,497,743</u>	<u>\$ 78,335,018</u>

COUNTY OF TOMPKINS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2006

Total Governmental Fund Balances \$ 52,680,009

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	\$ 226,200,149	
Less accumulated depreciation	<u>(84,484,150)</u>	<u>141,715,999</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	\$ 15,716,891	
Tompkins Consolidated Area Transit	<u>2,770,521</u>	<u>18,487,412</u>

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 7,836,292

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. 1,696,713

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

Accrued interest payable	\$ (893,829)	
TTASC unamortized bond issue costs	<u>160,092</u>	<u>(733,737)</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	\$ (37,021,170)	
TTASC tobacco settlement pass-through bonds	(10,973,742)	
Bond Anticipation Notes payable	(9,020,000)	
Installment purchase debt	(10,956,490)	
Compensated absences	<u>(3,129,335)</u>	<u>(71,100,737)</u>

Net Assets of Governmental Activities \$ 150,581,951

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, 2006

	Major Funds		
		Special Revenue Funds	
	General Fund	County Road Fund	Transportation Fund
<u>REVENUES</u>			
Real property taxes	\$ 30,719,553	\$	\$
Real property tax items	1,176,149		
Nonproperty tax items	32,300,442		
Departmental income	11,166,717		1,158,781
Intergovernmental charges	356,491	392,786	
Use of money and property	1,460,951	5,384	1,049,751
Licenses and permits	2,749	23,732	
Fines and forfeitures	396,960		
Sale of property and compensation for loss	738,071	3,380	1,968
Miscellaneous local sources	1,003,875	2,769	96,426
Interfund revenues	1,022,174		
State sources	21,240,176	1,536,864	
Federal sources	13,969,673	259,088	158,555
Total Revenues	<u>115,553,981</u>	<u>2,224,003</u>	<u>2,465,481</u>
<u>EXPENDITURES</u>			
General Governmental Support	13,752,087		
Education	6,850,154		
Public Safety	14,968,358	270,842	
Health	16,811,642		
Transportation	4,949,951	5,759,261	1,869,673
Economic Assistance and Opportunity	42,856,092		
Culture and Recreation	4,295,800		
Home and Community Services	1,759,823		
Employee Benefits	74,846	631,987	248,970
Debt Service (principal and interest)			
Capital Outlay			
Total Expenditures	<u>106,318,753</u>	<u>6,662,090</u>	<u>2,118,643</u>
Excess of Revenues (Expenditures)	<u>9,235,228</u>	<u>(4,438,087)</u>	<u>346,838</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Interfund transfers in		4,720,233	
Interfund transfers (out)	(9,515,845)		(128,586)
Proceeds of obligations			
Total Other Financing Sources (Uses)	<u>(9,515,845)</u>	<u>4,720,233</u>	<u>(128,586)</u>
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	<u>(280,617)</u>	<u>282,146</u>	<u>218,252</u>
Fund Balances, Beginning of Year	17,449,087	1,525,627	264,527
Fund Balances, End of Year	<u>\$ 17,168,470</u>	<u>\$ 1,807,773</u>	<u>\$ 482,779</u>

See Independent Auditor's Report and Notes to Financial Statements

Major Funds

Special Revenue Funds		Capital Projects Fund		Total Non-Major Governmental Funds	Total Governmental Funds
Solid Waste Fund	Special Grant Fund	Public Safety Fund	Debt Service Fund		
\$	\$	\$	\$	\$	\$ 30,719,553
					1,176,149
					32,300,442
4,392,464	559,437				17,277,399
			162,634	59,517	971,428
32,067		781,365	263,324	569,201	4,162,043
					26,481
					396,960
676,430				62,399	1,482,248
56,026	11,922		289,354	701,439	2,161,811
				1,463,477	2,485,651
42,654				1,999,569	24,819,263
	1,644,721			6,565,164	22,597,201
5,199,641	2,216,080	781,365	715,312	11,420,766	140,576,629
			1,593	61,397	13,815,077
					6,850,154
					15,239,200
					16,811,642
				1,270,824	13,849,709
	1,085,563				43,941,655
					4,295,800
3,940,857	958,348				6,659,028
211,963				78,517	1,246,283
			6,152,235	628,128	6,780,363
		3,180,578		15,263,223	18,443,801
4,152,820	2,043,911	3,180,578	6,153,828	17,302,089	147,932,712
1,046,821	172,169	(2,399,213)	(5,438,516)	(5,881,323)	(7,356,083)
		447,000	5,575,606	450,618	11,193,457
(1,153,194)		(400,000)		(245,832)	(11,443,457)
		8,000,000		9,490,000	17,490,000
(1,153,194)	-0-	8,047,000	5,575,606	9,694,786	17,240,000
(106,373)	172,169	5,647,787	137,090	3,813,463	9,883,917
1,614,107	990,452	9,456,552	1,373,283	10,122,457	42,796,092
\$ 1,507,734	\$ 1,162,621	\$ 15,104,339	\$ 1,510,373	\$ 13,935,920	\$ 52,680,009

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, 2006

Net Change in Fund Balances - Total Governmental Funds \$ 9,883,917

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

Governmental Funds report Capital Outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense.

Capital Outlay	\$	16,078,207	
Net book value of disposed assets		(76,918)	
Depreciation expense		<u>(6,161,978)</u>	<u>9,839,311</u>

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

4,941,002

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.

(499,422)

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 \$17,490,000 exceeded the repayment of bond principal of \$4,464,010.

(13,025,990)

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	\$	(348,584)	
Accrued interest payable		(332,491)	
Accreted interest on Series 2005 TTASC bonds		(275,168)	
Payment on rental commitments		51,652	
Amortization of bond premiums, discounts, bond issuance costs, and amounts deferred on refunding bonds		<u>(152,377)</u>	<u>(1,056,968)</u>

Cash outflows from the issuance of loans to qualified recipients under revolving loan programs are recorded as expenditures, whereas loan repayments and payments on long-term receivables are recorded as revenue in the fund financial statements. In the Government-wide statements, these transactions affect only cash and loans receivable and are not recorded in the Statement of Activities. This is the amount by which repayments of \$636,339 exceeded issues of \$348,115.

(288,224)

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.

108,914

Change in Net Assets of Governmental Activities \$ 9,902,540

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
DECEMBER 31, 2006

		<u>Governmental Activities</u> <u>Internal Service</u> <u>Funds</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents		\$ 2,097,080
Due from other funds		<u>336,147</u>
Total Current Assets		<u>2,433,227</u>
Noncurrent Assets:		
Total Noncurrent Assets		<u>-0-</u>
Total Assets		<u>2,433,227</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable		<u>36,202</u>
Total Current Liabilities		<u>36,202</u>
Noncurrent Liabilities:		
Benefits and awards payable		<u>700,312</u>
Total Noncurrent Liabilities		<u>700,312</u>
Total Liabilities		<u>736,514</u>
<u>NET ASSETS</u>		
Total Net Assets		<u>\$ 1,696,713</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, 2006

	<u>Governmental Activities Internal Service Funds</u>
<u>OPERATING REVENUES</u>	
Charges for services - Governmental Funds	\$ 567,685
Charges for services - External participants	23,324
Charges for services - Interfund transfer	250,000
Other operating revenues	126,364
Total Operating Revenues	<u>967,373</u>
<u>OPERATING EXPENSES</u>	
Administrative	85,718
Contractual	104,710
Benefits and awards	447,586
Claims and judgments	281,636
Total Operating Expenses	<u>919,650</u>
Gain from Operations	<u>47,723</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>	
Interest income	61,191
Total Nonoperating Revenues	<u>61,191</u>
Net Income Before Transfers	<u>108,914</u>
Change in Net Assets	<u>108,914</u>
Total Net Assets, Beginning of Year	<u>1,587,799</u>
Total Net Assets, End of Year	<u>\$ 1,696,713</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, 2006

	<u>Governmental Activities</u> <u>Internal Service Funds</u>
Cash Flows from Operating Activities:	
Cash received from providing services	\$ 591,009
Cash received from insurance recoveries	126,364
Cash received from interfund transfer	330,342
Cash payments - Suppliers	(171,529)
Cash payments - Claims and benefits	(829,222)
Net Cash Provided by Operating Activities	<u>46,964</u>
Cash Flows from Non-capital Financing Activities:	
Net Cash Provided by Non-capital Financing Activities	<u>-0-</u>
Cash Flows from Capital and Related Financing Activities:	
Net Cash Provided by Capital and Related Financing Activities	<u>-0-</u>
Cash Flows from Investing Activities:	
Interest income received	<u>61,191</u>
Net Cash Provided by Investing Activities	<u>61,191</u>
Net Increase in Cash and Cash Equivalents	<u>108,155</u>
Cash and Cash Equivalents, January 1,	<u>1,988,925</u>
Cash and Cash Equivalents, December 31,	<u>\$ 2,097,080</u>
Reconciliation of Gain of Income from Operations to Net Cash Provided by Operating Activities:	
Gain from operations	\$ <u>47,723</u>
Decrease in interfund receivable	<u>80,342</u>
Increase in accounts payable	<u>20,136</u>
(Decrease) in accrued liabilities	<u>(100,000)</u>
(Decrease) in interfund payable	<u>(1,237)</u>
Net Cash Provided by Operating Activities	<u>\$ 46,964</u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
DECEMBER 31, 2006

	Private Purpose Trust Fund	Agency Funds
	<u> </u>	<u> </u>
<u>ASSETS</u>		
Cash and cash equivalents - Unrestricted	\$ 14,360	\$ 3,921,007
Accounts receivable		<u>429,480</u>
 Total Assets	 <u>14,360</u>	 \$ <u><u>4,350,487</u></u>
 <u>LIABILITIES</u>		
Agency liabilities		<u>\$ 4,350,487</u>
 Total Liabilities	 <u>-0-</u>	 \$ <u><u>4,350,487</u></u>
 <u>NET ASSETS</u>		
Held in Trust for Memorials	<u>14,360</u>	
 Total Net Assets	 \$ <u><u>14,360</u></u>	

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

		Private Purpose Trust Fund
	<u>ADDITIONS</u>	
Investment earnings		\$ <u>100</u>
Total Additions		<u>100</u>
	<u>DEDUCTIONS</u>	
Total Deductions		<u>-0-</u>
Change in Net Assets		<u>100</u>
Net Assets - Beginning of Year		<u>14,260</u>
Net Assets - End of Year		<u>\$ <u>14,360</u></u>

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2006

Note 1 - Summary of Significant Accounting Policies

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

A. Financial Reporting Entity

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

The County provides the following basic services: General Governmental Support, Education, Public Safety, Health, Transportation, Economic Assistance and Opportunity, Culture and Recreation, Public Improvements, Planning and Zoning, and Home and Community Services.

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

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

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

1. Blended Component Units

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

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

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, 2006

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

B. Basic Financial Statements

The County's basic financial statements include both Government-wide (reporting the County as a whole) and fund financial statements (reporting the County's Major Funds.) Both the Government-wide and fund financial statements categorize primary activities as either governmental or business type. The County's General Governmental Support, Education, Public Safety, Health, Transportation, Highways and Streets, Economic Assistance and Opportunity, Culture and Recreation, and Home and Community Services are classified as Governmental Activities. Services relating to self insurance and workers' compensation administration are classified as Business-type Activities.

1. Government-wide Statements

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

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

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

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

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

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

2. Fund Financial Statements

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

Governmental Funds

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

Major Funds

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

Special Revenue Funds

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

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

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

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

Capital Projects Fund

Public Safety Fund - The Public Safety Fund is used to account for and report financial resources to be used for the acquisition, construction, or renovation of major capital facilities or equipment used for Public Safety.

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

Non-Major Funds

Special Revenue Fund

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

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

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

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

Proprietary Funds

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

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

Fiduciary Funds

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

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

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

C. Basis of Accounting/Measurement Focus

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

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

Modified Accrual Basis - Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

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 Statements

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

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

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

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

2. Fund Financial Statements

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

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

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

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

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

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

E. Property Taxes

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

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

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

Real property taxes levied are recognized as revenue in the Governmental Fund financial statements only if they are "available" within 60 days following the end of the fiscal year. Tax revenue not so available is treated as deferred revenue. At December 31, 2006, the County had deferred \$1,238,392 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, 2006

- 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 No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Subsidies and grants to Proprietary Funds that finance either capital or current operations are reported as nonoperating revenue, based on GASB 33. 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, 2006, the County had reserved \$1,212,604 in the Internal Service Fund to fund any settlements (See Note 4). At year end, there was \$248,200 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 2006 amounted to \$42,291.

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 2006, 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, 2006, reflected \$700,312 as an accrual for claims incurred but not paid.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

An additional \$484,109 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>
2006	\$ 800,312	\$ 347,586	\$ 447,586	\$ 700,312
2005	500,000	1,020,629	720,317	800,312

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 that are over \$5,000, machinery and motor vehicles that are over \$25,000, land and buildings that are over \$100,000, and infrastructure assets that are over \$100,000, and have a useful life greater than one year, are capitalized at cost in the Statement of Net Assets. Contributed fixed assets are recorded at fair market value at the date received. The estimated useful lives for governmental capital assets are as follows:

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

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, 2006, is approximately \$3,129,335, and is recorded as a long-term obligation in the Statement of Net Assets. In addition, component units of the County reported \$108,599 in compensated absences at December 31, 2006.

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, 2006

During the year, \$799,434 was paid on behalf of 200 retired employees. 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 post employment 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, 2006, per the bank, were \$40,036,468 and \$1,575,089 for the primary government and component units, respectively.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

Restricted Cash

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

Activity	Amount
Governmental Activities:	
Capital Projects - unspent bond proceeds	\$ 20,911,459
Debt Service	937,825
Community Development	1,134,008
Public Safety	250,674
Repairs and Replacements	400,000
Home and community - open space protection	51,323
Economic Assistance	332,253
Total Governmental Activities	\$ 24,017,542

Restricted investments of \$657,920 represent amounts held in a mandated TASC liquidity reserve, which is held in trust and comprised of commercial paper maturing March 1, 2006 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:

	2006		
	Cost	Fair Value	Unrealized Appreciation
Mutual funds	\$ 827,366	\$ 952,900	\$ 125,534

2. Securities and Mortgages Receivable

The County has recorded \$2,946,127 of Securities and Mortgages Receivable offset by Deferred Revenues of \$2,946,127 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 12/31/06
Serial Bond	\$ 330,000	2003	Food Net	100%	\$ 273,611
BAN	105,000	2002	Cooperative Extension of T.C.	100%	84,597
BAN	2,910,000	2001	Cortland County	36%	664,787
BAN	1,400,000	2001	Tompkins Community Action	100%	1,015,163
Serial Bond	335,000	1995	Cooperative Extension of T.C.	100%	187,388
Serial Bond	2,800,000	1995	Cortland County	36%	433,563
Serial Bond	1,000,000	1998	Cortland County	36%	287,018
Total					\$ 2,946,127

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

3. Other Receivables

Accounts receivable as of December 31, 2006, is as follows:

General Fund:	
Sales tax revenue - 4 th quarter	\$ 2,695,470
Tobacco settlement revenue receivable	651,788
Miscellaneous rents and fees	809,919
Allowance for uncollectibles	<u>(94,930)</u>
 Total General Fund	 4,062,247
County Road Fund:	
Charges for services receivable	264
Transportation Fund:	
Transportation fees due from airlines	312,751
Solid Waste Fund:	
Solid waste tipping fees	83,434
Allowance for uncollectibles	<u>(76,570)</u>
 Total Solid Waste Fund	 6,864
Special Grant Fund: Grants receivable	1,285
Non-Major Funds:	
Road Machinery Fund	5,028
TTASC Tobacco settlement revenue receivable and accrued interest	<u>654,343</u>
 Total Non-Major Funds	 <u>659,371</u>
 Total Governmental Funds	 <u>\$ 5,042,782</u>

4. Property Taxes

At December 31, 2006, the total real property tax assets of \$5,330,188 are offset by an allowance for uncollectible taxes of \$542,929. Current year returned village and school taxes of \$2,731,319 are offset by liabilities to the villages and school districts which will be paid no later than April 1, 2006. The remaining portion of tax assets is (partially) offset by deferred tax revenue of \$1,238,392 (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, 2006

5. Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

	<u>Balance at</u> <u>12/31/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12/31/06</u>
<u>Governmental Activities:</u>				
<u>Non-depreciable Capital Assets:</u>				
Land and land improvements	\$ 7,040,814	\$	\$	\$ 7,040,814
Construction in progress	<u>1,008,174</u>	<u>4,669,394</u>	<u>(1,008,174)</u>	<u>4,669,394</u>
Total Non-depreciable Capital Assets	<u>8,048,988</u>	<u>4,669,394</u>	<u>(1,008,174)</u>	<u>11,710,208</u>
 <u>Depreciable Capital Assets:</u>				
Buildings	72,263,115	2,335,581		74,598,696
Machinery and equipment	12,278,829	1,928,256	(259,760)	13,947,325
Infrastructure	<u>117,790,770</u>	<u>8,153,150</u>		<u>125,943,920</u>
Total Depreciable Capital Assets	<u>202,332,714</u>	<u>12,416,987</u>	<u>(259,760)</u>	<u>214,489,941</u>
Total Historical Cost	<u>210,381,702</u>	<u>17,086,381</u>	<u>(1,267,934)</u>	<u>226,200,149</u>
 <u>Less Accumulated Depreciation:</u>				
Buildings	(21,757,249)	(2,524,892)		(24,282,141)
Machinery and equipment	(6,692,664)	(496,409)	182,842	(7,006,231)
Infrastructure	<u>(50,055,101)</u>	<u>(3,140,677)</u>		<u>(53,195,778)</u>
Total Accumulated Depreciation	<u>(78,505,014)</u>	<u>(6,161,978)</u>	<u>182,842</u>	<u>(84,484,150)</u>
 <u>Governmental Activities Capital Assets, Net</u>				
	<u>\$ 131,876,688</u>	<u>\$ 10,924,403</u>	<u>\$ (1,085,092)</u>	<u>\$ 141,715,999</u>

Depreciation expense was charged to functions as follows:

<u>Governmental Activities:</u>	
General Government Support	\$ 432,386
Education	15,167
Public Safety	361,228
Public Health	244,690
Transportation	3,870,317
Economic Assistance and Opportunity	420,621
Culture and Recreation	327,996
Home and Community Services	<u>489,573</u>
Total Governmental Activities Depreciation Expense	<u>\$ 6,161,978</u>

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

Capital asset activity of the Tompkins County Public Library is as follows:

<u>Historical Cost:</u>	Restated Balance at 12/31/05	Additions	Retirements	Balance at 12/31/06
Equipment	\$ 1,486,285	\$ 125,034	\$ -0-	\$ 1,611,319
Collection	4,503,410	265,071	(135,102)	4,633,379
Total Historical Cost	5,989,695	390,105	(135,102)	6,244,698
Less Accumulated Depreciation:				
Equipment	(1,002,342)	(131,889)		(1,134,231)
Collection	(3,802,992)	(306,418)	135,102	(3,974,308)
Total Accumulated Depreciation	(4,805,334)	(438,307)	135,102	(5,108,539)
Total Capital Assets, Net	<u>\$ 1,184,361</u>	<u>\$ (48,202)</u>	<u>\$ -0-</u>	<u>\$ 1,136,159</u>

B. Liabilities

1. Pension Plans

General Information

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

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

Funding Policy

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

COUNTY OF TOMPKINS
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

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

	<u>ERS</u>
2006	\$ 3,317,200
2005	3,666,468
2004	3,996,124

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 2006 would be based on the pension value as of March 31, 2005).
- Allows one-time financing of State fiscal year 2004-2005 pension cost by permitting local governments to bond, over five years, any required contribution in excess of 7% of estimated salaries or to amortize required contributions in excess of 7% over a five year period. [Superseded by Chapter 260 of the Laws of 2004. See below.]

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

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

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

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

2. Long-term Debt

a. Constitutional Debt Limit

At December 31, 2006, the total outstanding indebtedness of the County of Tompkins aggregated \$46,790,000. Of this amount, \$41,435,000 was subject to the constitutional debt limit and represented approximately 13% of its statutory debt limit.

b. Serial Bonds

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

c. Bond Anticipation Notes

Bond Anticipation Notes 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 No. 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.

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 under these lease commitments are \$2,273,881 in buildings and \$3,180,577 in construction in progress at December 31, 2006.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

e. Summary Long-term Debt

The following is a summary of long-term liabilities outstanding at December 31, 2006:

<u>Liability</u>			
Serial Bonds		\$ 37,770,000	
Less deferred charges on defeased debt		<u>(748,830)</u>	\$ 37,021,170
Bond Anticipation Notes			9,020,000
Compensated Absences			3,129,335
Workers' compensation claims			700,312
Installment purchase debt			10,956,490
TTASC Bonds		\$ 10,974,467	
Add accreted interest		285,892	
Less unamortized bond discount		<u>(286,617)</u>	<u>10,973,742</u>
Total Long-term Debt			<u>\$ 71,801,049</u>

f. Summary Long-term Obligations

The following is a summary of changes in long-term obligations for the period ended December 31, 2006:

	Balance 01/01/06	Additions	Deletions	Balance 12/31/06	Amount Due Within One Year
Serial Bonds	\$ 33,360,500	\$ 7,020,000	\$ (2,610,500)	\$ 37,770,000	\$ 3,435,000
Less deferred charges on defeased debt	<u>(880,045)</u>		131,215	<u>(748,830)</u>	<u>(123,489)</u>
Total Serial Bonds	32,480,455	7,020,000	<u>(2,479,285)</u>	37,021,170	3,311,511
Bond Anticipation Notes	11,195,000	9,020,000	(11,195,000)	9,020,000	9,020,000
Compensated absences	2,780,751	348,584		3,129,335	-0-
Workers' compensation claims	800,312		(100,000)	700,312	420,187
Installment purchase debt	-0-	11,040,000	(83,510)	10,956,490	709,897
Rental commitments	<u>51,652</u>		<u>(51,652)</u>	-0-	-0-
Total Primary Government Long-term Debt	47,308,170	27,428,584	<u>(13,909,447)</u>	60,827,307	13,461,595
TTASC Bonds	11,139,467	-0-	(165,000)	10,974,467	190,000
Add accreted interest on 2005 bonds	<u>10,724</u>	<u>275,168</u>		<u>285,892</u>	<u>-0-</u>
Less unamortized bond discount	<u>(300,569)</u>		<u>13,952</u>	<u>(286,617)</u>	<u>(13,952)</u>
Total TASC Bonds	<u>10,849,622</u>	<u>275,168</u>	<u>(151,048)</u>	<u>10,973,742</u>	<u>176,048</u>
Total Long-term Debt	<u>\$ 58,157,792</u>	<u>\$ 27,703,752</u>	<u>\$ (14,060,495)</u>	<u>\$ 71,801,049</u>	<u>\$ 13,637,643</u>

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

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

The County expensed \$3,076,390 in interest on the Bonds and Bond Anticipation Notes during the year.

Cash paid	\$ 2,316,354
Less interest accrued in prior year	(561,338)
Add interest accrued in the current year	893,829
Add accreted interest on the Series 2005 TASC bonds	275,168
Add amortization of amounts deferred on refunding	131,215
Add amortization of other bond premium, discount and issue costs	<u>21,162</u>
 Total	 <u>\$ 3,076,390</u>

g. Long-term Debt Maturity Schedule

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

Description	Date Issued	Interest Rate	Maturity Date	Balance Outstanding
<u>Bond Anticipation Notes (BANs)</u>				
Public Improvements	7/2006	3.68%	3/2007	4,000,000
Public Improvements	7/2006	3.68%	3/2007	420,000
Public Improvements	3/2006	3.53%	3/2007	1,600,000
Public Improvements	7/2006	3.68%	3/2007	<u>3,000,000</u>
 Total BANS				 <u>\$ 9,020,000</u>
<u>Bonds</u>				
1995 Series A & B Refunding	8/2003	3.75%	8/2014	\$ 6,610,000
Add unamortized premium				116,732
Less unamortized deferred amount on refunding				(221,455)
Less unamortized bond issue costs				<u>(79,875)</u>
Net Refunding Bonds				6,425,402
 Mental Health Bldg.	12/1989	6.40%	6/2010	1,000,000
Public Improvements	5/1992	5.60-6.00%	5//2012	1,025,000
1996 NYSEFC Bonds	2/1996	2.79%	2/2012	835,000
2005 Bonds	3/2005	3.37%-4.0%	3/2020	3,220,000
Public Improvements	3/2006	3.35%-3.5%	3/2014	7,020,000
 Public Improvement Refunding	10/2004	2.50-4.125%	2/2020	18,060,000
Add unamortized premium				604,708
Less unamortized deferred amount on refunding				(1,001,419)
Less unamortized bond issue costs				<u>(167,521)</u>
Net Refunding Public Improvement Bonds				17,495,768
 Total Bonds				 <u>\$ 37,021,170</u>
<u>Installment Purchase Debt</u>				
Public Safety Communications	3/2006	3.75%	9/2016	\$ 8,000,000
Energy Performance Contract	3/2006	3.76%	3/2020	<u>2,953,490</u>
 Total Installment Purchase Debt				 <u>\$ 10,956,490</u>

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

TTASC:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding December 31, 2006
Series 2000 Tobacco Settlement Pass-through Bonds	12/00	6/25	5.25% - 6.30%	\$ 7,130,000
Less: Unamortized Bond Discount				<u>(202,588)</u>
Carrying Value of Series 2000 Tobacco Settlement Pass-through Bonds				<u>6,927,412</u>
Series 2005 Tobacco Settlement Pass-through Bonds	11/05	6/60	6.0% - 7.85%	3,844,467
Less: Unamortized Bond Discount				(84,029)
Add: Addition to Accreted Value				<u>285,892</u>
Carrying Value of Series 2005 Tobacco Settlement Pass-through Bonds				<u>4,046,330</u>
Total Carrying Value of Pass-through Bonds				<u>\$ 10,973,742</u>

The full amount of Bond Anticipation Notes of \$9,020,000 is due in 2007.

The County's Debt Service requirements at December 31, 2006 were as follows:

Year	Serial Bonds		TASC Bonds		Installment Purchase Debt		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2007	\$ 3,435,000	\$ 1,613,345	\$ 190,000	\$ 452,559	\$ 709,897	\$ 446,395	\$ 6,847,196
2008	3,650,000	1,356,664	220,000	440,013	889,590	273,213	6,829,480
2009	3,745,000	1,214,297	235,000	426,053	923,273	246,288	6,789,911
2010	3,865,000	1,067,521	260,000	410,865	958,231	218,344	6,779,961
2011	3,350,000	910,890	270,000	394,621	994,514	233,567	6,153,592
2012-2016	13,275,000	2,618,916	1,638,421	1,734,954	5,566,742	761,939	25,595,972
2017-2021	6,450,000	479,716	3,185,586	1,924,562	914,244	69,684	13,023,792
2022-2026			3,043,529	2,338,939			5,382,468
2027-2031			1,000,954	3,833,170			4,834,124
2032-2036			619,648	4,511,207			5,130,855
2037-2041			311,329	3,257,848			3,569,177
Total	<u>\$ 37,770,000</u>	<u>\$ 9,261,349</u>	<u>\$ 10,974,467</u>	<u>\$ 19,724,791</u>	<u>\$ 10,956,491</u>	<u>\$ 2,249,430</u>	<u>\$ 90,936,528</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, 2006

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, 2006 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>	<u>Interfund Revenue</u>	<u>Interfund Expenditures</u>
Major Funds:				
General Fund	\$ 362,970	\$ 1,776,569	\$	\$ 9,515,845
County Road Fund	1,176,956	179,687	4,720,233	
Transportation Fund	249,351	235,561		128,586
Special Grant Fund	47,368	75,831		
Solid Waste Fund	363,948	52,824		1,153,194
Debt Service Fund	845,669		5,575,606	
Public Safety Fund		400,000	447,000	400,000
Non-Major Funds	402,245	1,064,182	450,618	245,832
Internal Service Fund	<u>336,147</u>	<u> </u>	<u>250,000</u>	<u> </u>
Total	<u>\$ 3,784,654</u>	<u>\$ 3,784,654</u>	<u>\$ 11,443,457</u>	<u>\$ 11,443,457</u>

D. Deferred Compensation Plan

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

Note 3 - Joint Ventures

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.

COUNTY OF TOMPKINS
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

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

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

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

All monies incidental to college operations are received and expended by the College Treasurer 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, 2006, the outstanding debt related to the 1994 Master Plan was \$3,807,624 of bonds.

Cortland County is responsible for 36% or \$1,385,368 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. During 2005, Tompkins County allocated \$3,600,000 of proceeds from a tobacco securitization financing for a portion of its share of the project and a \$620,000 cash payment. During 2006, Tompkins County issued a \$4,000,000 Bond Anticipation Note for the project.

- 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, 2006:

Total Assets	\$ 47,195,172
Total Liabilities and Deferred Revenue	27,703,974
Joint Venture Equity	19,491,198
Total Revenues	36,041,690
Total Expenses	29,806,811

COUNTY OF TOMPKINS
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

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 2006 was \$701,180. Its contribution for 2007 will be \$780,540.
- 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, 2006:

Total Assets	\$ 11,051,896
Total Liabilities	2,739,501
Joint Venture Equity	8,312,395
Total Revenues	13,003,717
Total Expenses	10,385,016

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, 2006, the County has reserved \$1,212,604 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, 2006

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 \$48,675,578 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 \$27,378,269 in fiscal year 2006. The balance of \$21,297,309 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 \$11,673,896 and the City of Ithaca received \$9,623,416.

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

Note 6 - Transactions with Discretely Presented Component Units

The County of Tompkins contributed \$2,436,405 and \$104,000 to the Tompkins County Public Library and the Tompkins County Soil and Water Conservation District, respectively. Additionally, the Library's facilities are owned by the County and provided to the Library at no charge. The County provided \$281,020 worth of utilities, insurance, cleaning and maintenance and repairs; and \$488,728 worth of Debt Service on the building occupied by the Library.

Note 7 - Subsequent Events

A. Bond Anticipation Notes

Subsequent to December 31, 2006, the County issued a \$3,500,000 Revenue Anticipation Note primarily to cover the cost of transit equipment purchased under cost reimbursement grants, and to preserve liquidity in advance of State aid for transit operations. Additionally, in March 2007, the County redeemed \$9,020,000 of Bond Anticipation Notes by converting \$5,600,000 of the notes to bonds, retiring \$1,605,000 of notes from available monies, and the renewal of BANS in the amount of \$1,815,000.

COUNTY OF TOMPKINS
 NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2006

Note 8 - Net Assets - Statement of Net Assets

Of the \$38,364,883 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	\$ 38,364,883
Designated for:	
Ensuing year's budget:	
General Fund	4,110,610
Solid Waste Fund	156,774
Road Machinery Fund	271,667
Carry-over of prior year's commitments (encumbrances)	1,033,123
Repairs and replacements	575,000
Home and community - open space protection	51,323
Capital projects pursuant to adopted capital program	5,937,866
Self insurance	1,696,713
Equity interest in joint venture, net of related debt	<u>18,487,412</u>
Total Designated Net Assets	<u>32,320,488</u>
Unrestricted, Undesignated Net Assets	<u>\$ 6,044,395</u>

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>
<u>REVENUES</u>		
Real property taxes	\$ 30,465,442	\$ 30,465,442
Real property tax items	1,417,000	1,417,000
Nonproperty tax items	31,407,091	31,704,134
Departmental income	10,418,653	11,051,476
Intergovernmental charges	95,100	95,400
Use of money and property	791,000	1,309,813
Licenses and permits	2,500	2,500
Fines and forfeitures	205,500	405,500
Sale of property and compensation for loss	695,000	720,710
Miscellaneous local sources	1,541,916	1,897,285
Interfund revenues	560,964	641,176
State sources	20,804,246	21,990,522
Federal sources	13,964,098	15,114,092
Total Revenues	<u>112,368,510</u>	<u>116,815,050</u>
<u>EXPENDITURES</u>		
Current:		
General Governmental Support	<u>14,080,228</u>	<u>14,005,303</u>
Education	<u>5,952,559</u>	<u>6,850,175</u>
Public Safety	<u>13,170,493</u>	<u>15,671,890</u>
Health	<u>16,929,171</u>	<u>17,983,872</u>
Transportation	<u>4,142,227</u>	<u>5,190,171</u>
Economic Assistance and Opportunity	<u>44,383,875</u>	<u>45,767,522</u>
Culture and Recreation	<u>4,281,225</u>	<u>4,344,580</u>
Home and Community Services	<u>1,658,525</u>	<u>1,896,168</u>
Employee Benefits	<u>1,250,103</u>	<u>90,269</u>
Total Expenditures	<u>105,848,406</u>	<u>111,799,950</u>
Excess of Revenues (Expenditures)	<u>6,520,104</u>	<u>5,015,100</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Interfund transfers (out)	<u>(10,133,698)</u>	<u>(10,223,698)</u>
Total Other Financing Sources (Uses)	<u>(10,133,698)</u>	<u>(10,223,698)</u>
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	<u>(3,613,594)</u>	<u>(5,208,598)</u>
Appropriated Fund Balance	<u>3,613,594</u>	<u>5,208,598</u>
Net Increase (Decrease)	<u>\$ -0-</u>	<u>\$ -0-</u>
Fund Balance, Beginning of Year, Restated		
Fund Balance, End of Year		

See Independent Auditor's Report

<u>Actual</u>	<u>Encumbrances</u>	Variance Favorable (Unfavorable)
\$ 30,719,553	\$	\$ 254,111
1,176,149		(240,851)
32,300,442		596,308
11,166,717		115,241
356,491		261,091
1,460,951		151,138
2,749		249
396,960		(8,540)
738,071		17,361
1,003,875		(893,410)
1,022,174		380,998
21,240,176		(750,346)
13,969,673		(1,144,419)
115,553,981	-0-	(1,261,069)
13,752,087	167,732	85,484
6,850,154		21
14,968,358	42,677	660,855
16,811,642	44,200	1,128,030
4,949,951		240,220
42,856,092	493,484	2,417,946
4,295,800	613	48,167
1,759,823	65,506	70,839
74,846	5,000	10,423
106,318,753	819,212	4,661,985
9,235,228	(819,212)	3,400,916
(9,515,845)		707,853
(9,515,845)	-0-	707,853
(280,617)	\$ (819,212)	\$ 4,108,769
(280,617)		
17,449,087		
\$ 17,168,470		

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 COUNTY ROAD FUND
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Final Budget
<u>REVENUES</u>		
Intergovernmental charges	\$ 290,000	\$ 290,000
Use of money and property		
Licenses and permits	14,000	14,000
Sale of property and compensation for loss		
Miscellaneous local sources	19,800	19,800
State sources	1,303,021	1,303,021
Federal sources		
Total Revenues	1,626,821	1,626,821
<u>EXPENDITURES</u>		
Current:		
Public Safety	258,460	294,774
Transportation	6,128,057	6,848,149
Employee Benefits	693,651	717,260
Total Expenditures	7,080,168	7,860,183
Excess of (Expenditures) Revenues	(5,453,347)	(6,233,362)
<u>OTHER FINANCING SOURCES (USES)</u>		
Interfund transfers in	5,194,887	5,194,887
Total Other Financing Sources (Uses)	5,194,887	5,194,887
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	(258,460)	(1,038,475)
Appropriated Fund Balance	258,460	1,038,475
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>
\$ 392,786	\$	\$ 102,786
5,384		5,384
23,732		9,732
3,380		3,380
2,769		(17,031)
1,536,864		233,843
259,088		259,088
2,224,003	-0-	597,182
270,842		23,932
5,759,261	75,807	1,013,081
631,987		85,273
6,662,090	75,807	1,122,286
(4,438,087)	(75,807)	1,719,468
4,720,233		(474,654)
4,720,233	-0-	(474,654)
282,146	\$ (75,807)	\$ 1,244,814
-0-		
282,146		
1,525,627		
\$ 1,807,773		

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 TRANSPORTATION
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Original Budget	Final Budget
<u>REVENUES</u>		
Departmental income	\$ 1,256,412	\$ 1,256,412
Intergovernmental charges	1,144	1,144
Use of money and property	1,062,480	1,062,480
Sale of property and compensation for loss	925	925
Miscellaneous local sources	-	-
Federal sources	-	173,750
Total Revenues	2,320,961	2,494,711
<u>EXPENDITURES</u>		
Current:		
Transportation	1,857,854	2,324,700
Employee Benefits	252,621	261,448
Total Expenditures	2,110,475	2,586,148
Excess of Revenues (Expenditures)	210,486	(91,437)
<u>OTHER FINANCING SOURCES (USES)</u>		
Interfund transfers in	53,100	53,100
Interfund transfers (out)	(263,586)	-
Total Other Financing Sources (Uses)	(210,486)	53,100
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	-0-	(38,337)
Appropriated Fund Balance	-	38,337
Net Increase (Decrease)	\$ -0-	\$ -0-
Fund Balance, Beginning of Year		
Fund Balance, End of Year		

See Independent Auditor's Report

Actual	Encumbrances	Variance Favorable (Unfavorable)
\$ 1,158,781	\$	\$ (97,631)
		(1,144)
1,049,751		(12,729)
1,968		1,043
96,426		96,426
158,555		(15,195)
2,465,481	-0-	(29,230)
1,869,673	51,994	403,033
248,970		12,478
2,118,643	51,994	415,511
346,838	(51,994)	386,281
		(53,100)
(128,586)		(128,586)
(128,586)	-0-	(181,686)
218,252	\$ (51,994)	\$ 204,595
-0-		
218,252		
264,527		
\$ 482,779		

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 SOLID WASTE
 FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>
<u>REVENUES</u>		
Departmental income	\$ 4,322,422	\$ 4,322,422
Use of money and property	12,000	12,000
Sale of property and compensation for loss		
Miscellaneous local sources	1,010,927	1,010,927
State sources	42,654	42,654
Total Revenues	5,411,283	5,411,283
<u>EXPENDITURES</u>		
Current:		
Home and Community Services	4,057,741	5,265,512
Employee Benefits	200,348	211,964
Total Expenditures	4,258,089	5,477,476
Excess of Revenues (Expenditures)	1,153,194	(66,193)
<u>OTHER FINANCING SOURCES (USES)</u>		
Interfund transfers (out)	(1,153,194)	
Total Other Financing Sources (Uses)	(1,153,194)	-0-
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	-0-	(66,193)
Appropriated Fund Balance		66,193
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>
\$ 4,392,464	\$	\$ 70,042
32,067		20,067
676,430		676,430
56,026		(954,901)
42,654		-0-
5,199,641	-0-	(211,642)
3,940,857	13,023	1,311,632
211,963		1
4,152,820	13,023	1,311,633
1,046,821	(13,023)	1,099,991
(1,153,194)		(1,153,194)
(1,153,194)	-0-	(1,153,194)
(106,373)	\$ (13,023)	\$ 2,253,185
-0-		
(106,373)		
1,614,107		
\$ 1,507,734		

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 SPECIAL GRANT
 FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Original Budget</u>	<u>Final Budget</u>
<u>REVENUES</u>		
Departmental income	\$ _____	\$ 101,625
Miscellaneous local sources	_____	_____
State sources	_____	29,550
Federal sources	940,723	1,625,643
Total Revenues	1,305,023	2,969,677
<u>EXPENDITURES</u>		
Current:		
Economic Assistance and Opportunity	1,225,826	984,483
Home and Community Services	_____	2,017,305
Total Expenditures	1,357,467	3,175,562
Excess of (Expenditures) Revenues	(52,444)	(205,885)
<u>OTHER FINANCING SOURCES (USES)</u>		
Interfund transfers in	52,444	_____
Total Other Financing Sources (Uses)	52,444	-0-
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	-0-	(205,885)
Appropriated Fund Balance	_____	205,885
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>	Variance Favorable (Unfavorable)
\$ 559,437	\$	\$ 457,812
11,922		11,922
		(29,550)
1,644,721		19,078
2,216,080	-0-	(753,597)
1,085,563	4,109	(105,189)
958,348		1,058,957
2,043,911	4,109	1,127,542
172,169	(4,109)	373,945
		-0-
-0-	-0-	-0-
172,169	\$ (4,109)	\$ 373,945
172,169		
990,452		
\$ 1,162,621		

COUNTY OF TOMPKINS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2006

Note 1 - Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles for the General, County Road, Road Machinery, Transportation, Special Grant, Solid Waste, and Debt Service Funds. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or an expenditure in the GAAP based financial statement, but reserve a portion of the applicable appropriation, thereby ensuring that the appropriations are not exceeded. The accompanying Budgetary Comparison Schedules for the General, County Road, Transportation, Special Grant, and Solid Waste Funds present comparisons of the legally adopted budget with actual data.

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

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

COUNTY OF TOMPKINS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006

	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	\$ 526,197	\$ 55,406	\$ 752,758	\$ 1,055,693
- Restricted	_____	_____	1,311,218	950,793
Temporary investments - Restricted	_____	_____	_____	_____
Due from other funds	131,505	_____	90,000	36,301
Due from state and federal governments	_____	767,544	_____	2,662,460
Other receivables, net	5,028	_____	_____	_____
Prepaid expenses	4,569	_____	_____	_____
Total Assets	<u>\$ 667,299</u>	<u>\$ 822,950</u>	<u>\$ 2,153,976</u>	<u>\$ 4,705,247</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 35,292	\$ _____	\$ 1,870	\$ 311,738
Accrued liabilities	9,709	_____	_____	_____
Due to other funds	19,657	24,053	35,655	859,817
Retained percentages	_____	_____	3,225	106,554
Total Liabilities	<u>64,658</u>	<u>24,053</u>	<u>40,750</u>	<u>1,278,109</u>
Fund Balances:				
Fund Balances - Reserved:				
Encumbrances	26,831	_____	_____	_____
Total Reserved	<u>26,831</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Fund Balances - Unreserved				
Appropriated	271,667	_____	_____	_____
Fund Balances - Unreserved, Reported in:				
Unappropriated, Reported in:				
Special Revenue Funds	304,143	_____	_____	_____
Capital Projects Funds	_____	798,897	2,113,226	3,427,138
Debt Service Funds	_____	_____	_____	_____
Total Fund Balances	<u>602,641</u>	<u>798,897</u>	<u>2,113,226</u>	<u>3,427,138</u>
Total Liabilities and Fund Balances	<u>\$ 667,299</u>	<u>\$ 822,950</u>	<u>\$ 2,153,976</u>	<u>\$ 4,705,247</u>

See Independent Auditor's Report

Capital Projects Funds			Debt Service Fund	Total Non-Major Governmental Funds
Home and Community Services Fund	Public Health Fund	Education Fund	TTASC Fund	
\$ 988,324	\$ 191,254	\$ 235,961	\$	\$ 3,805,593
		4,000,000	272,061	6,534,072
			657,920	657,920
144,439				402,245
				3,430,004
			654,343	659,371
			3,969	8,538
<u>\$ 1,132,763</u>	<u>\$ 191,254</u>	<u>\$ 4,235,961</u>	<u>\$ 1,588,293</u>	<u>\$ 15,497,743</u>
\$ 29,253	\$	\$	\$	\$ 378,153
				9,709
		125,000		1,064,182
				109,779
29,253	-0-	125,000	-0-	1,561,823
				26,831
-0-	-0-	-0-	-0-	26,831
				271,667
				304,143
1,103,510	191,254	4,110,961		11,744,986
			1,588,293	1,588,293
1,103,510	191,254	4,110,961	1,588,293	13,935,920
<u>\$ 1,132,763</u>	<u>\$ 191,254</u>	<u>\$ 4,235,961</u>	<u>\$ 1,588,293</u>	<u>\$ 15,497,743</u>

COUNTY OF TOMPKINS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Special Revenue Fund	Capital Projects Funds		
	Road Machinery Fund	TCAT Fund	General Government Fund	Transportation Fund
<u>REVENUES</u>				
Intergovernmental charges	\$	\$ 59,517	\$	\$
Use of money and property	1,413	8,502	136,159	89,325
Sale of property and compensation for loss	62,399			
Miscellaneous local sources			120	43,709
Interfund revenues	1,463,477			
State sources		1,564,836		434,733
Federal sources		2,709,971		3,855,193
Total Revenues	<u>1,527,289</u>	<u>4,342,826</u>	<u>136,279</u>	<u>4,422,960</u>
<u>EXPENDITURES</u>				
General Governmental Support				
Transportation	1,270,824			
Employee Benefits	78,517			
Debt Service (principal and interest)				
Capital Outlay		3,788,440	2,360,556	5,317,267
Total Expenditures	<u>1,349,341</u>	<u>3,788,440</u>	<u>2,360,556</u>	<u>5,317,267</u>
Excess of Revenues (Expenditures)	<u>177,948</u>	<u>554,386</u>	<u>(2,224,277)</u>	<u>(894,307)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Interfund transfers in		35,767	111,700	225,896
Interfund transfers (out)			(35,655)	(85,177)
Proceeds of obligations			890,000	4,600,000
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>35,767</u>	<u>966,045</u>	<u>4,740,719</u>
Excess of (Expenditures) Revenues and Other Financing Sources (Uses)	<u>177,948</u>	<u>590,153</u>	<u>(1,258,232)</u>	<u>3,846,412</u>
Fund Balances, Beginning of Year	<u>424,693</u>	<u>208,744</u>	<u>3,371,458</u>	<u>(419,274)</u>
Fund Balances, End of Year	<u>\$ 602,641</u>	<u>\$ 798,897</u>	<u>\$ 2,113,226</u>	<u>\$ 3,427,138</u>

See Independent Auditor's Report

Capital Projects Funds			Debt Service Fund	Total Non-Major Governmental Funds
Home and Community Services Fund	Public Health Fund	Education Fund	TTASC Fund	
\$	\$	\$	\$	\$ 59,517
46,289	5,404	220,818	61,291	569,201
				62,399
			657,610	701,439
				1,463,477
				1,999,569
				6,565,164
46,289	5,404	220,818	718,901	11,420,766
			61,397	61,397
				1,270,824
				78,517
			628,128	628,128
132,859		3,664,101		15,263,223
132,859	-0-	3,664,101	689,525	17,302,089
(86,570)	5,404	(3,443,283)	29,376	(5,881,323)
77,255				450,618
		(125,000)		(245,832)
		4,000,000		9,490,000
77,255	-0-	3,875,000	-0-	9,694,786
(9,315)	5,404	431,717	29,376	3,813,463
1,112,825	185,850	3,679,244	1,558,917	10,122,457
\$ 1,103,510	\$ 191,254	\$ 4,110,961	\$ 1,588,293	\$ 13,935,920

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

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

County Legislature
County of Tompkins
Ithaca, New York

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tompkins as of and for the year ended December 31, 2006, which collectively comprise the County of Tompkins basic financial statements and have issued our report thereon dated August 17, 2007. 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity'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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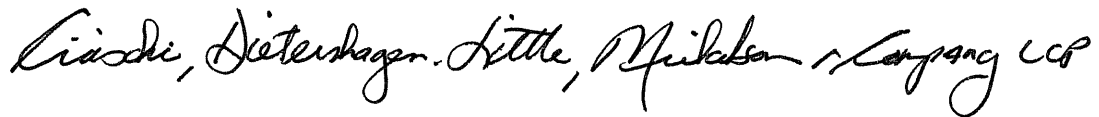
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Compliance and Other Matters

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 17, 2007.

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

A handwritten signature in cursive script that reads "Lisa Dietershagen Little, Mikala Langley CPA".

August 17, 2007
Ithaca, New York

John H. Dietershagen, 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 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, 2006. 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 County of Tompkins' management. Our responsibility is to express an opinion on County of Tompkins's 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*,¹² 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 Example Entity's 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 Example Entity's 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, 2006.

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 entity'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 report is intended solely for the information and use 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.



August 17, 2007
Ithaca, New York

COUNTY OF TOMPKINS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED DECEMBER 31, 2006

Federal Grantor/ Pass Through Grantor/ Program Title	Federal Catalog #	Pass-Through Grantor #	Expenditures
<u>U.S. Department of Agriculture</u>			
Direct Program:			
School Breakfast Program	10.553	N/A	\$ 2,457
National School Lunch Program	10.555	N/A	3,445
Soil and Water Conservation	10.902	N/A	43,084
Passed Through NYS Department of Social Services:			
Food Stamps	10.551	(1)	7,032,054
Passed Through NYS Health Department:			
Special Supplemental Nutrition Program for Women, Infants, and Children - Administration	10.557	C019318	244,844
Special Supplemental Nutrition Program for Women, Infants, and Children - Food Instruments	10.557	(1)	871,074
Passed Through Cortland County Soil and Water Conservation District:			
Resource Conservation and Development	10.901	(1)	50,996
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>8,247,954</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Program:			
Community Development Block Grants - Small Cities Program	14.219	N/A	368,022
Passed Through NYS Governor's Office for Small Cities:			
Community Development Block Grants - State's Program	14.228	(1)	590,066
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>958,088</u>
<u>U.S. Department of Justice</u>			
Passed Through NYS Department of Criminal Justice Services:			
Violence Against Women Formula Grants	16.588	C546237M	7,348
Violence Against Women Formula Grants	16.588	C546239	15,645
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>22,993</u>
<u>U.S. Department of Labor</u>			
Passed Through NYS Office for the Aging:			
Senior Community Service Employment Program	17.235	(1)	20,287
Passed Through NYS Department of Labor:			
Trade Adjustment Assistance Workers	17.245	(1)	54,376
Welfare-to-Work Grants to States and Localities	17.253	(1)	170,784
WIA Adult Program	17.258	(1)	114,869
WIA Youth Activities	17.259	(1)	511,032
WIA Dislocated Workers	17.260	(1)	160,950
TOTAL U.S. DEPARTMENT OF LABOR			<u>1,032,298</u>
Subtotal Expenditures of Federal Awards			<u>10,261,333</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, 2006

<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>10,261,333</u>
<u>U.S. Department of Transportation</u>			
Direct Programs:			
Airport Improvement Program	20.106	N/A	1,392,418
Federal Transit - Capital Investment Grants	20.500	N/A	55,620
Federal Transit - Formula Grants	20.507	N/A	2,013,361
Formula Grants for Other than Urbanized Areas	20.509	N/A	1,325,022
Small Community Air Service Development	20.930	N/A	158,555
Passed Through NYS Department of Transportation:			
Highway Planning and Construction	20.205	(1)	2,690,024
Federal Transit - Metropolitan Planning Grants	20.505	C002485	263,225
Passed Through NYS Department of Motor Vehicles:			
State and Community Highway Safety	20.600	PT5500084	7,038
State and Community Highway Safety	20.600	CS5500075	8,400
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>7,913,663</u>
<u>Environmental Protection Agency</u>			
Direct:			
Survey, Studies, Investigations and Special Purposes Grants	66.606		250,619
Regional Wetland Program Development Grants	66.461		1,696
Passed Through NYS Health Department:			
State Indoor Radon Grants	66.032	C018980	4,539
State Public Water System Supervision	66.432	(1)	158,998
TOTAL ENVIRONMENTAL PROTECTION AGENCY			<u>415,852</u>
<u>U.S. Department of Education</u>			
Passed through NYS Department of Health:			
Adult Education - State Grant Program	84.002A		45,000
Special Education - Grants for Infants and Families with Disabilities	84.181A	C017634	41,794
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>86,794</u>
Subtotal Expenditures of Federal Awards			<u>18,677,642</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, 2006

<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>18,677,642</u>
<u>U.S. Department of Health and Human Services</u>			
Direct:			
Drug-Free Communities Support Program Grants	93.276		97,314
Passed Through NYS Office for the Aging:			
Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.042	(1)	10,983
Title III-D, Disease Prevention and Health Promotion Services	93.043	(1)	4,861
Title III-B, Grants for Supportive Services and Senior Centers	93.044	(1)	65,070
Title III-C, Nutrition Services	93.045	(1)	115,146
Special Programs for Aging - Discretionary Projects	93.048	(1)	12,591
National Family Caregiver Support	93.052	(1)	32,757
Nutrition Services Incentive	93.053	(1)	110,206
Low-Income Home Energy Assistance	93.568	(1)	30,368
Centers for Medicare and Medical Services Research, Demonstrations and Evaluations	93.779	(1)	26,921
State Pharmaceutical Assistance Programs	93.786	(1)	100,000
Passed Through NYS Health Department:			
Immunization Grants	93.268	(1)	18,079
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	001626-03	105,189
Maternal and Child Health Services Block Grant to the States	93.994	C017634	10,563
Maternal and Child Health Services Block Grant to the States	93.994	C020635	16,241
Maternal and Child Health Services Block Grant to the States	93.994	C016119	32,105
Passed Through NYS Mental Health Department:			
Projects for Assistance in Transition from Homelessness	93.150	(1)	31,992
Medical Assistance Program	93.778	(1)	207,717
Block Grants for Community Mental Health Services	93.958	(1)	78,700
Passed Through NYS OMR/DD:			
Medical Assistance Program	93.778		791
Subtotal U.S. Department of Health and Human Services			<u>1,107,594</u>
Subtotal Expenditures of Federal Awards			<u>19,785,236</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, 2006

Federal Grantor/ Pass Through Grantor/ Program Title	Federal Catalog #	Pass-Through Grantor #	Expenditures
Subtotal Expenditures of Federal Awards Brought Forward			\$ <u>19,785,236</u>
<u>U.S. Department of Health and Human Services (con't.)</u>			
Subtotal U.S. Department of Health and Human Services			1,107,594
Passed Through NYS Department of Social Services:			
Temporary Assistance to Needy Families	93.558	(1)	4,416,607
Child Support Enforcement	93.563	(1)	387,816
Refugee and Entrant Assistance - State Administered Programs	93.566	(1)	644
Low-Income Home Energy Assistance	93.568	(1)	1,370,808
Child Care and Development Block Grant	93.575	(1)	1,368,170
Foster Care - Title IV-E	93.658	(1)	1,135,654
Adoption Assistance	93.659	(1)	1,222,866
Social Services Block Grant	93.667	(1)	3,106,901
Chafee Foster Care Independent Living	93.674	(1)	53,157
State Children's Insurance Program	93.767	(1)	6,214
Medical Assistance Program	93.778	(1)	1,400,465
Passed Through NYS State Office of Alcoholism and Substance Abuse Services:			
Medical Assistance Program	93.778	(1)	5,915
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(1)	451,468
Passed Through NYS Department of Labor:			
Temporary Assistance to Needy Families	93.558	(1)	198,552
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		(1)	<u>16,232,831</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through NYS Division of Criminal Justice Services:			
State and Local Homeland Security Exercise Support	97.006		30,000
State and Local Homeland Security Exercise Support	97.006	WM04836240	59,929
State and Local Homeland Security Exercise Support	97.006	WM03836220	4,124
State and Local Homeland Security Exercise Support	97.006	WM03836230	15,972
Passed Through NYS Emergency Management Office:			
Hazard Mitigation Planning Grant Program	97.017	(1)	30,000
Disaster Grants - Public Assistance	97.036		259,088
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>399,113</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 \$ <u><u>35,309,586</u></u>

N/A - Denotes Not Applicable (Direct Program)

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

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

COUNTY OF TOMPKINS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2006

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, 2006, Tompkins County distributed \$7,032,054 worth of food stamps to eligible persons participating in the Food Stamp Program (CFDA Number 10.551) and \$871,074 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, 2006

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</u>	<u>Food Stamp Cluster</u>
<u>93.558</u>	<u>Temporary Assistance for Needy Families</u>
<u>93.575</u>	<u>Child Care Block Development Grant</u>
<u>20.509</u>	<u>Formula Grants for Other than Urbanized Areas</u>
<u>20.507</u>	<u>Federal Transit - Formula Grants</u>

Dollar threshold used to distinguish between type A and type B programs \$1,059,288

Auditee qualified as low-risk auditee: √ yes ___ no

COUNTY OF TOMPKINS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
DECEMBER 31, 2006

Section II - Financial Statement Findings: None

Section III - Federal Award Findings and Questioned Costs: None