

COUNTY OF TOMPKINS

Ithaca, New York

FINANCIAL REPORT

December 31, 2011

COUNTY OF TOMPKINS

FOR THE YEAR ENDED DECEMBER 31, 2011

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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 (the County) as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's 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 the 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.

As discussed in Note 1 to the financial statements, the county adopted the provisions of GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," in 2011.

In our opinion, 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, 2011, and the respective changes in financial position, and 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 October 26, 2012 on our consideration of the County's 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 the 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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Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis, budgetary comparison information and the Schedule of Funding Progress on pages 2 through 2k, and 45 through 51, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The combining Non-Major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. 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 also not a required part of the financial statements. The combining non-major fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



October 26, 2012
Ithaca, New York

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011

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, 2011. Please read this information in conjunction with the County's financial statements, which begin on page 3. Certain 2010 amounts, having no effect on total net assets, have been reclassified to conform to the current year presentation.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$150,583,210 (net assets). Of this amount, \$14,997,530 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's overall net assets decreased by \$(4,466,333), or (2.9%), while unrestricted net assets decreased by \$(2,450,129), or (14.0%).
- During the year, the County had revenues of \$168,894,750, as compared to \$163,886,545 in 2010. Expenses of \$173,361,083 increased by \$8,805,999, from \$164,555,084 in the prior year. The increase in revenue was largely the result of increases in property taxes, sales tax and refunds of prior years' expenditures. The increase in expenses is largely attributable to the increase in transportation project expenses of \$5,942,253.
- The County invested over \$11 million in capital assets during the year. Approximately \$6 million of this was invested in infrastructure.
- The General Fund recorded an increase of \$2,544,547 in 2011 and ended the year with a fund balance of \$23,422,873. Of this fund balance, \$15,724,020 was unassigned.
- The County's short-term and long-term obligations at year end totaled \$98,383,734, an increase of \$4,254,668 from 2010. This increase is primarily attributable to an increase in Other Postemployment Benefits payable of over \$7 million, offset by a decrease in bonded debt due to scheduled repayments.

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. Governmental Fund financial statements start on page 6. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the County's operations in greater detail than the Government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside the Government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements.

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

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

Reporting the County as a Whole

Analysis of the County as a whole begins on page 3, with the Government-wide financial 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.

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 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. See Note 1-A-3 to the basic financial statements.

Reporting the County's Most Significant Funds

Governmental Fund Financial Statements

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

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

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 Governmental 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.

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, 2011 decreased \$(4,466,333), from \$155,049,543 to \$150,583,210. In contrast, last year net assets decreased by \$(668,539).

The largest portion of the County's net assets of \$126,001,120 (83.7%) reflects its investment in capital assets (e.g. land, buildings, machinery and 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, as the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net assets of \$9,584,560 (6.4%) represents resources that are subject to external restrictions on how they may be used and are reported as restricted net assets.

The remaining category of total net assets, unrestricted net assets of \$14,997,530 may be used to meet the government's ongoing obligations and services to creditors and citizens. Of these net assets, the County has appropriated \$1,632,329 for 2012 expenses and designated an additional \$32,282,672 for specific purposes.

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

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 |
|--|--------------------------------|-----------------------|-----------------------|
| | 2010 | 2011 | 2010-2011 |
| <i>Current assets - County</i> | \$ 48,156,504 | \$ 57,626,811 | 19.67% |
| <i>Assets - TTASC</i> | 1,484,174 | 1,449,161 | (2.36%) |
| <i>Capital assets, net</i> | 178,879,362 | 179,960,155 | 0.60% |
| <i>Other noncurrent assets - County</i> | 33,902,950 | 28,247,371 | (16.68%) |
| Total Assets | 262,422,990 | 267,283,498 | 1.85% |
| <i>Current liabilities - County</i> | 23,809,904 | 29,298,923 | 23.05% |
| <i>Current liabilities - TTASC</i> | 366,048 | 526,048 | 43.71% |
| <i>Noncurrent liabilities - County</i> | 72,337,909 | 75,915,617 | 4.95% |
| <i>Noncurrent liabilities - TTASC</i> | 10,859,586 | 10,959,700 | 0.92% |
| Total Liabilities | 107,373,447 | 116,700,288 | 8.69% |
| <i>Invested in capital assets, net of debt</i> | 125,711,592 | 126,001,120 | 0.23% |
| <i>Restricted</i> | 11,890,292 | 9,584,560 | (19.39%) |
| <i>Unrestricted</i> | 17,447,659 | 14,997,530 | (14.04%) |
| Total Net Assets | \$ 155,049,543 | \$ 150,583,210 | (2.90%) |

Current assets of the County increased \$9,470,307 primarily as result of an increase in cash balances at year end of \$8,637,613. Capital assets, net increased \$1,080,793 largely as a result of additional capital additions of \$11,404,663 offset by additional depreciation of \$(10,157,358). Other noncurrent assets decreased \$(5,655,579) primarily due to a decrease in restricted cash and a decrease of \$(276,334) in equity interest in joint ventures during the current year.

Current liabilities of the County increased \$5,489,019 largely as a result of an increase in accounts payable of \$2,765,543, an increase in amounts due to other governments of \$1,976,769 and a net increase of \$1,057,576 in long-term obligations due within one year. The County's noncurrent liabilities increased by \$3,577,708 primarily as a result of the recognition of additional other postemployment benefits payable of \$7,979,862 offset by a net decrease of \$(4,379,547) in the long-term portion of debt obligations.

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

The County's total revenues increased by 3.03%, while the total cost of all programs and services increased by 5.35%. Our analysis in Figure 2 separately considers the operations of Governmental Activities.

Figure 2 - Changes in Net Assets

| | Governmental Activities | | Percent Change |
|---|--------------------------------|-----------------------|-----------------------|
| | 2010 | 2011 | 2010 - 2011 |
| REVENUES | | | |
| <i>Program Revenues:</i> | | | |
| Charges for services | \$ 21,390,495 | \$ 20,431,031 | (4.49%) |
| Operating grants | 45,561,723 | 43,604,833 | (4.30%) |
| Capital grants | 9,717,798 | 11,444,481 | 17.77% |
| <i>General Revenues:</i> | | | |
| Property taxes and tax items | 37,501,280 | 40,075,729 | 6.86% |
| Sales and other taxes | 46,843,284 | 48,450,766 | 3.43% |
| Tobacco settlement - County | 600,000 | 557,985 | (7.00%) |
| Tobacco settlement - TTASC | 543,959 | 542,928 | (0.19%) |
| Unrestricted grants | 511,521 | 379,667 | (25.78%) |
| Use of money and property | 1,863,484 | 1,883,184 | 1.06% |
| Change in equity interest in joint ventures | (2,166,399) | (276,334) | (87.24%) |
| Gain on sale of capital assets | 1,053,647 | -0- | N/A |
| Other | 465,753 | 1,800,480 | 286.57% |
| Total Revenues | 163,886,545 | 168,894,750 | 3.06% |
| PROGRAM EXPENSES | | | |
| General Government | 28,204,242 | 28,431,858 | 0.81% |
| Education | 8,108,110 | 9,124,387 | 12.53% |
| Public Safety | 20,111,483 | 20,268,676 | 0.78% |
| Public Health | 21,091,198 | 19,300,145 | (8.49%) |
| Transportation | 20,027,778 | 25,970,031 | 29.67% |
| Economic Assistance and Opportunity | 52,564,175 | 54,250,004 | 3.21% |
| Culture and Recreation | 4,857,890 | 4,722,598 | (2.78%) |
| Home and Community Services | 7,262,238 | 8,222,584 | 13.22% |
| Interest on debt | 2,327,970 | 3,070,800 | 31.91% |
| Total Expenses | 164,555,084 | 173,361,083 | 5.35% |
| (DECREASE) IN NET ASSETS | \$ (668,539) | \$ (4,466,333) | 568.07% |

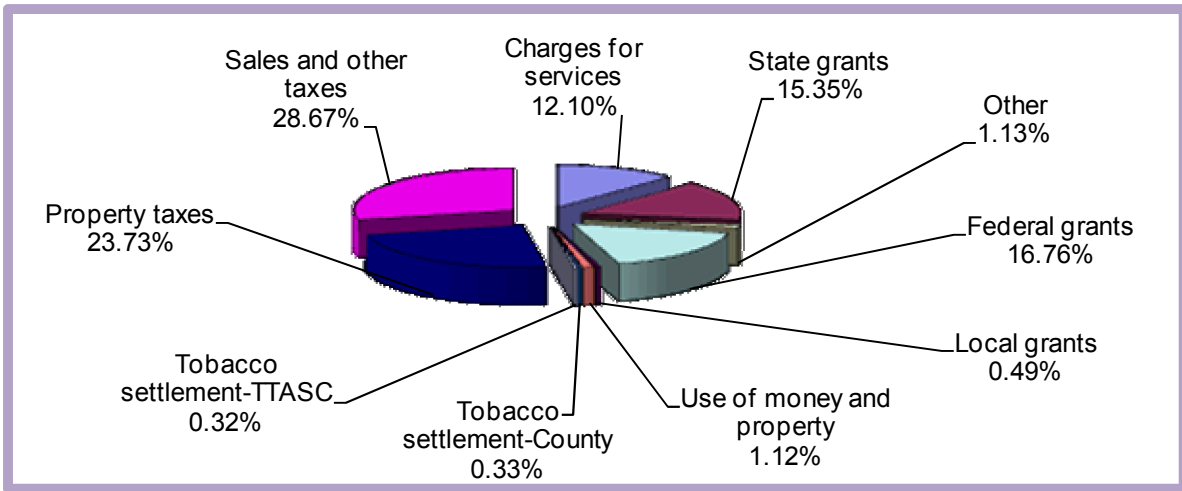
The increase in revenues of \$5,008,205 was primarily due to an increase in property taxes and tax items of \$2,574,449, an increase in sales and other taxes of \$1,607,482 and an increase in other revenue of \$1,334,727.

Expenses increased by \$8,805,999 largely as a result of the increase in transportation project expenses of \$5,942,253, as well as the recognition of additional expenses in the other program expenses.

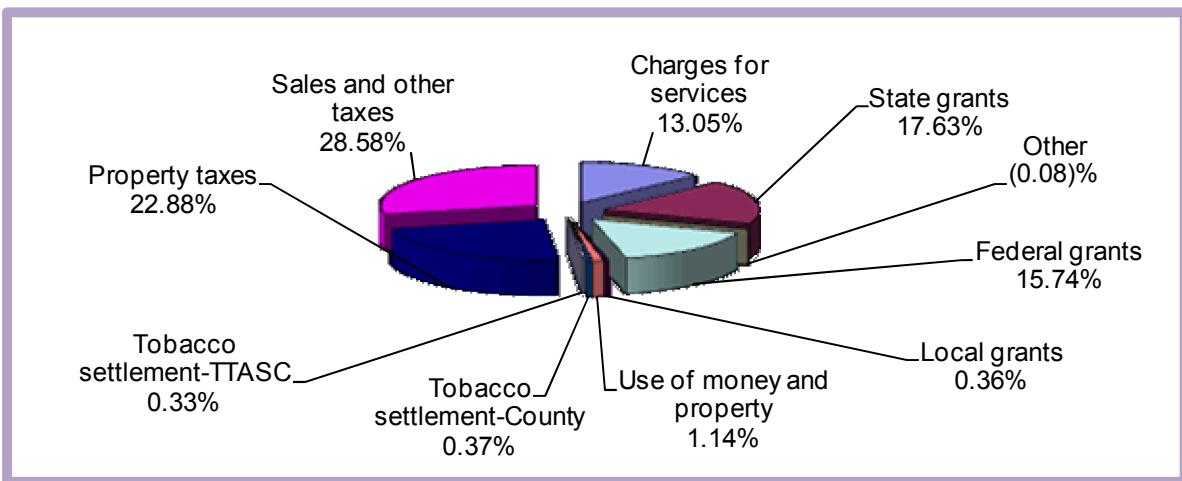
COUNTY OF TOMPKINS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2011

Figures 3 and 4 show in percentages the sources of revenue for 2011 and 2010.

**Figure 3 - Revenue by Source
 Governmental Activities
 2011**



**Figure 4 - Revenue by Source
 Governmental Activities
 2010**



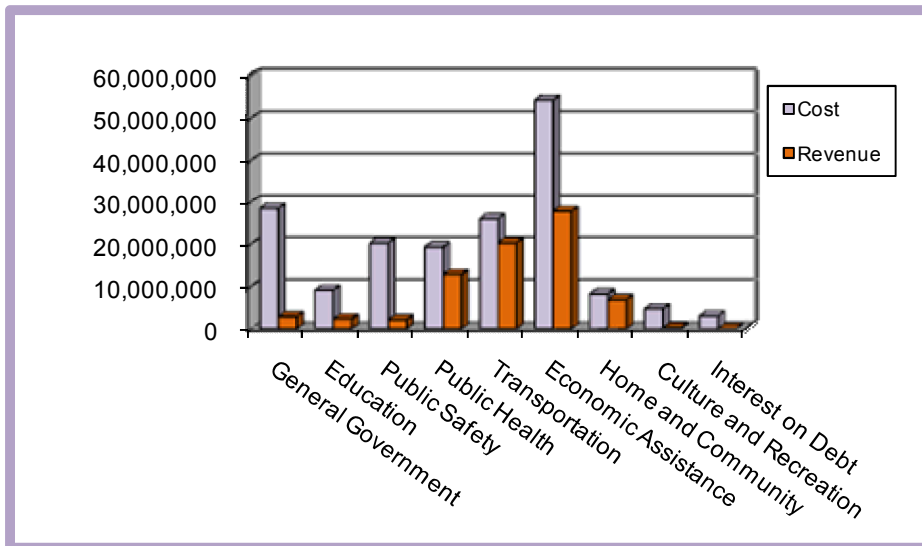
The cost of all Governmental Activities this year was \$173,361,083. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County property and other tax revenues was \$97,880,738, because some of the cost was paid by those who directly 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 \$75,480,345. The County paid for the remaining "public benefit" portion of Governmental Activities with \$93,414,405 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, 2011

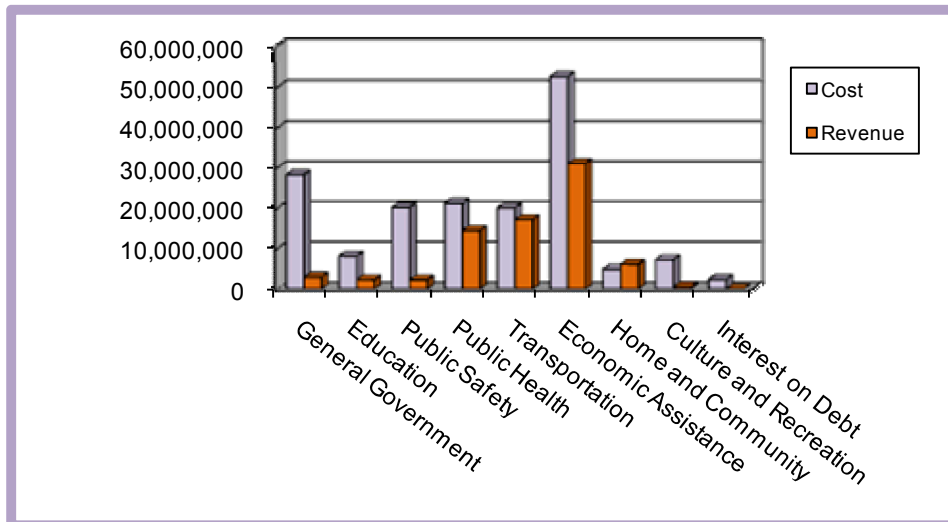
A comparison of program expenses, outlined in Figure 2, highlights the following: general government program activities reflected an increase of \$227,616, education program activities increased \$1,016,277 and public safety program expenses increased \$157,193. Public health expenses decreased \$(1,791,053), transportation expenses increased \$5,942,253, economic assistance opportunity program expenses increased \$1,685,829. Overall, program expenses of the County's Governmental Activities increased approximately \$8,805,999.

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

**Figure 5 - Net Program Cost
Governmental Activities
2011**



**Figure 6 - Net Program Cost
Governmental Activities
2010**



COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

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 \$40,554,279, which is an increase of 6.32% from the prior year. Of this amount, \$1,705,460 is nonspendable, \$6,677,892 is restricted, \$5,480,278 is committed, and \$10,966,629 is assigned, leaving \$15,724,020 in unassigned fund balance. Figure 7 shows the changes in fund balance for the County's Governmental Funds.

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

| | 2010 | 2011 | Dollar Change |
|---|----------------------|----------------------|----------------------|
| <i>Major Funds:</i> | | | |
| General Fund | \$ 20,878,326 | \$ 23,422,873 | \$ 2,544,547 |
| County Road Fund | 2,770,609 | 2,711,530 | (59,079) |
| Transportation (Airport) Fund | 253,190 | 146,676 | (106,514) |
| Solid Waste Fund | 1,529,018 | 2,316,788 | 787,770 |
| Special Grant Fund | 787,464 | 842,462 | 54,998 |
| Capital Projects Fund - Transportation Fund | 3,123,026 | 1,219,498 | (1,903,528) |
| Capital Projects Fund - Public Health | 485,497 | 448,788 | (36,709) |
| Debt Service Fund | 1,650,382 | 1,906,192 | 255,810 |
| <i>Non-Major Funds:</i> | | | |
| Road Machinery Fund | 1,009,095 | 1,235,556 | 226,461 |
| TCAT Capital Project Fund | 291,669 | 340,743 | 49,074 |
| General Government Capital Project Fund | 2,363,880 | 2,971,557 | 607,677 |
| Home and Community Service Capital Project Fund | 1,182,254 | 690,553 | (491,701) |
| Public Safety Capital Project Fund | (7,129) | 499,261 | 506,390 |
| Education Capital Project Fund | 475,036 | 476,680 | 1,644 |
| TTASC Debt Service Fund | 1,352,924 | 1,325,122 | (27,802) |
| Totals | \$ 38,145,241 | \$ 40,554,279 | \$ 2,409,038 |

Fund balance of the County's major funds increased by 4.88% primarily due to an increase in the fund balances of the General Fund of 12.19%, offset by a decrease in the fund balance of the Capital Projects Fund - Transportation Fund of (60.95%). The increase in the General Fund is largely the result of an increase of \$2.2 million in property taxes and tax items and an increase of \$1.6 million in sales and other taxes. The decrease in the Transportation Capital Projects Fund is primarily a result of expenditures for transportation projects of \$4.2 million exceeding state and federal aid of \$2.2 million.

General Fund Budgetary Highlights

Over the course of the year, the County Legislature revised the County budget several times. These budget amendments consist of budget transfers between functions, which do not increase the overall budget. In addition to these transfers, the County Legislature increased the overall budget to provide for unspent appropriations from the previous year (encumbrances) and various grants where the majority of the funding came from federal and state sources. At the close of the year it was necessary to transfer approximately \$855,000 from the contingent fund in order to offset over-runs in mandated programs.

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

**Figure 8 - Budgetary Comparison Schedule - General Fund
December 31, 2011**

| | Original Budget | Final Budget | Actual w/ Encumbrances | Variance Fav.-(Unfav.) |
|---|----------------------------|-------------------------|-----------------------------------|-----------------------------------|
| REVENUES | | | | |
| <i>Real property taxes and tax items</i> | \$ 39,853,194 | \$ 39,840,194 | \$ 40,059,072 | \$ 218,878 |
| <i>Nonproperty tax items</i> | 36,123,020 | 47,212,806 | 48,450,766 | 1,237,960 |
| <i>Departmental income</i> | 10,381,028 | 11,434,835 | 10,864,817 | (570,018) |
| <i>Fines and forfeitures</i> | 283,996 | 304,267 | 207,952 | (96,315) |
| <i>Use of money and property</i> | 425,000 | 425,000 | 539,088 | 114,088 |
| <i>Miscellaneous local sources</i> | 1,714,104 | 1,560,369 | 1,046,057 | (514,312) |
| <i>Sale of property and compensation for loss</i> | 633,300 | 754,356 | 613,730 | (140,626) |
| <i>State sources</i> | 23,510,836 | 27,189,831 | 23,527,472 | (3,662,359) |
| <i>Federal sources</i> | 16,986,469 | 19,796,796 | 18,287,856 | (1,508,940) |
| <i>Other</i> | 782,494 | 907,248 | 954,139 | 46,891 |
| Total Revenues and Other Financing Sources | \$ 130,693,441 | \$ 149,425,702 | \$ 144,550,949 | \$ (4,874,753) |
| Appropriated Fund Balances | \$ 2,044,785 | \$ 3,011,330 | | |
| | Original Budget | Final Budget | Actual w/ Encumbrances | Variance Fav.-(Unfav.) |
| EXPENDITURES | | | | |
| <i>General Government</i> | \$ 16,219,341 | \$ 26,344,279 | \$ 25,539,840 | \$ 804,439 |
| <i>Education</i> | 8,986,041 | 10,483,041 | 9,131,954 | 1,351,087 |
| <i>Public Safety</i> | 15,429,855 | 16,487,772 | 15,954,041 | 533,731 |
| <i>Public Health</i> | 18,917,405 | 18,632,459 | 16,823,779 | 1,808,680 |
| <i>Transportation</i> | 5,036,370 | 8,718,119 | 8,382,305 | 335,814 |
| <i>Economic Assistance and Opportunity</i> | 51,175,386 | 53,758,053 | 50,426,682 | 3,331,371 |
| <i>Culture and Recreation</i> | 4,397,611 | 4,393,501 | 4,363,979 | 29,522 |
| <i>Home and Community Services</i> | 2,109,947 | 2,190,500 | 1,458,820 | 731,680 |
| <i>Employee Benefits</i> | 300,487 | 551,867 | 390,075 | 161,792 |
| <i>Other Financing Uses</i> | 10,165,783 | 10,877,441 | 10,630,981 | 246,460 |
| Total Expenditures and Other Financing Uses | \$ 132,738,226 | \$ 152,437,032 | \$ 143,102,456 | \$ 9,334,576 |
| Excess of Revenues and Other Financing Sources | \$ -0- | \$ -0- | \$ 1,448,493 | \$ 4,559,823 |

COUNTY OF TOMPKINS
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2011

Actual charges to appropriations (expenditures) were 4.7% below the final budgeted amounts, however in many instances such balances were reflective of activities, which did not occur due to funding curtailments or deferments.

The General Government function reflected unexpended appropriations of 3.05% as a result of lower than expected utilities and projected grant funded activities in County Administration and Elections which did not materialize.

The Education function reflected unexpended appropriations of 12.89% as a result of lower than expected Pre-School Program case loads.

The Health function reflected unexpended appropriations of 9.71% as a result of lower than expected Early Intervention Services, and significant reductions in state program funding for Mental Health contract agencies which is passed through the County.

The Economic Assistance and Opportunity function reflected unexpended appropriations of 6.20%. A substantial portion of this was the result of the federal stimulus program absorbing a portion of the local share of Medicaid. Additionally, certain Social Service program activity costs were lower than anticipated.

Revenues were (3.26%) below budget estimates in 2011. The County closely managed the budget during the year to mitigate mid-year state aid budget reductions. The economic climate continues to impair investment income. The County was able to offset declines in service related income by gains in sales tax, and property tax enforcement revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2011, the County had \$179,960,155, net of accumulated depreciation of \$122,916,017, 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 \$1,080,793 over last year.

Figure 9 - Capital Assets, Net of Depreciation

| | Governmental Activities | | Percent Change |
|-----------------------------------|--------------------------------|-----------------------|-----------------------|
| | 2010 | 2011 | 2010 - 2011 |
| <i>Land</i> | \$ 7,125,999 | \$ 7,341,479 | 3.02% |
| <i>Construction in progress</i> | 2,996,343 | 3,055,863 | 1.99% |
| <i>Buildings and improvements</i> | 49,598,412 | 49,948,275 | 0.71% |
| <i>Equipment</i> | 7,031,963 | 6,675,517 | (5.07%) |
| <i>Infrastructure</i> | 112,126,645 | 112,939,021 | 0.72% |
| Totals | \$ 178,879,362 | \$ 179,960,155 | 0.60% |

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

This year's capital asset activity consisted of:

| | |
|---|-------------------------|
| Land and construction in progress | \$ 275,000 |
| Buildings and building improvements | 3,585,718 |
| Machinery and equipment | 395,246 |
| Infrastructure | 7,148,699 |
| Total Additions | 11,404,663 |
| Less net book value of disposals | (166,512) |
| Less depreciation expense | (10,157,358) |
| Change in Capital Assets, Net of Accumulated Depreciation | \$ 1,080,793 |

Debt Administration

Total debt obligations and other long-term liabilities increased in 2011 by \$4,254,668, as shown in Figure 10. Of the total indebtedness of the County, \$32,260,000 was subject to the constitutional debt limit and represented 11% of the County's statutory debt limit. Tobacco settlement pass-through bonds are debt of the Tompkins Tobacco Asset Securitization Corporation (TTASC), under which 50% of the County's future tobacco settlement proceeds were securitized. The County is not responsible for this debt in the event that the TTASC were to default in repayment of the bonds.

Figure 10 - Outstanding Debt at Years Ended

| | Governmental Activities | | Dollar Change |
|--|--------------------------------|----------------------|----------------------|
| | 2010 | 2011 | 2010 - 2011 |
| <i>Serial bonds</i> | \$ 46,500,147 | \$ 42,305,544 | \$ (4,194,603) |
| <i>Bond Anticipation Notes payable</i> | 4,488,306 | 5,071,257 | 582,951 |
| <i>Compensated absences</i> | 3,750,747 | 3,664,496 | (86,251) |
| <i>Installment purchase debt</i> | 7,475,501 | 7,028,987 | (446,514) |
| <i>Workers' compensation claims</i> | 665,100 | 824,209 | 159,109 |
| <i>Other postemployment benefits liability</i> | 20,023,631 | 28,003,493 | 7,979,862 |
| <i>Tobacco settlement pass-through bonds</i> | 11,225,634 | 11,485,748 | 260,114 |
| Totals | \$ 94,129,066 | \$ 98,383,734 | \$ 4,254,668 |

The County continues to maintain excellent financial credit as reflected by a Moody's bond rating of Aa1 on its 2010 Bonds. 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

The economic base of Tompkins County is unique to our region because the educational institutions Cornell University and Ithaca College provide a significant buffer to the business cycle. While these institutions provide unique stability to the employment base, their endowments have been impacted by stock market volatility; growth in their operations and infrastructure is likely to be measured.

COUNTY OF TOMPKINS
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

The County's operations, substantially dependent on state and federal resources will continue to be challenged by a structural imbalance between program cost and revenue growth. During 2011, the County attempted to broaden its revenue base by enactment of a .25% Mortgage Tax which could generate an estimated \$1 million annually. The NYS Legislature did not take action on this Home Rule request at its 2011 session. The Legislature did however adopt a Tax Levy Limitation Law that restricts the growth of property tax levy to 2%. The Tompkins County Legislature chose to override the tax cap limitation because it would have resulted in elimination of many basic services the public values.

The 2012 net tax levy of \$39.2 million reflects an increase of \$1.6 million or 4.3% over the 2011 levy of \$36.7 million. Actual property tax rates increased from \$6.47 to \$6.68. Property valuations and tax collections remain stable. Taxable values increased modestly from \$6,274,856,691 to \$6,325,315,790 or 0.8%.

The 2012 budget reflects modest reliance on General Fund Balance to support operations of \$1.2 million. Sales tax receipts are estimated to increase by \$1 million over 2011, however, as a result of a strong 2011 4th Quarter, the budget will require actual growth of 1%.

During 2011 all labor contracts with the exception of Deputy Sheriff's Association were completed with constrained outcomes consistent with current economic conditions. The 2012 budgeted salary base is \$36.7 million, as compared to actual 2011 expenses of \$36 million. The County recognizes that as a result of requirement of the Taylor Law, there is a growing potential liability for Deputy Sheriff salary adjustments back to March of 2008. The 2012 budget plan provides for adjustments consistent with other negotiated settlements.

While the 2012 budget reflects containment of salary growth, there remain significant challenges because of pension and health insurance costs. Pension costs are projected to increase from \$5.5 million to \$7.2 million, an increase of 30%. Health insurance costs are projected to increase from \$7.9 million to \$8.7 million, an increase of 9%.

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

The most significant area outside of our control is the possible effect of the New York State budget on County governments. A reduction in state reimbursements, and an increasing trend on the part of the State Legislature to pass down costs to County governments, could substantially impair fiscal stability. The 2012 budget provides a Contingency Account of \$772,129.

The County will also be challenged in the near term by a growing inventory of infrastructure replacements. The County must relocate the County Legislature and the Office for the Aging from the County Courthouse. Additionally there is growing consensus that previous budgets provided inadequate resources to maintain building and highway infrastructure and as result an accelerated infrastructure replacement program will be required.

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, 2011

| | Primary Government | Component Units | | |
|--|----------------------------|--------------------------------------|-------------------------------------|--|
| | Governmental Activities | Tompkins County Public Library | Industrial Development Agency | Soil and Water Conservation District |
| <u>ASSETS</u> | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | \$ 23,741,760 | \$ 672,208 | \$ 711,827 | \$ (348,400) |
| Restricted cash | 3,334,614 | 31,853 | | 850,625 |
| Restricted cash - TTASC | 96,769 | | | |
| Taxes receivable, net | 5,174,596 | | | |
| Accounts receivable, net | 3,298,942 | 87,403 | 85,000 | 59,651 |
| Accounts receivable - TTASC, net | 575,000 | | | |
| Loans receivable - Current portion | 281,945 | | | |
| Due from state and federal governments | 19,711,542 | | | 52,702 |
| Securities and mortgages | 250,000 | | | |
| Prepaid expenses | 1,705,460 | | | |
| Unamortized bond issue costs | 131,521 | | | |
| Total Current Assets | <u>58,302,149</u> | <u>791,464</u> | <u>796,827</u> | <u>614,578</u> |
| Noncurrent Assets: | | | | |
| Restricted cash and cash equivalents | 3,832,515 | 183,156 | | |
| Restricted investments - TTASC | 649,784 | | | |
| Investments | | 1,336,675 | | 21,346 |
| Accounts receivable in more than one year | | 48,026 | 15,000 | |
| Loans receivable - Long-term portion | 2,713,136 | | | |
| Securities and mortgages | 1,710,730 | | | |
| Unamortized bond issue costs | 357,518 | | | |
| Unamortized bond issue costs - TTASC | 124,039 | | | |
| Equity interest in joint ventures | 19,633,472 | | | |
| Capital assets - Land and construction in progress | 10,397,342 | | | |
| Capital assets - Depreciable, net of accumulated depreciation | 169,562,813 | 687,010 | | 66,533 |
| Total Noncurrent Assets | <u>208,981,349</u> | <u>2,254,867</u> | <u>15,000</u> | <u>87,879</u> |
| Total Assets | <u>267,283,498</u> | <u>3,046,331</u> | <u>811,827</u> | <u>702,457</u> |
| <u>LIABILITIES</u> | | | | |
| Current Liabilities: | | | | |
| Accounts payable | 8,934,033 | 80,739 | | 113,394 |
| Accrued liabilities | 667,041 | 34,702 | | 10 |
| Interest payable | 699,166 | | | |
| Due to other governments | 5,602,304 | | | |
| Due to employees' retirement system | | | | 20,731 |
| Compensated absences | | | | 20,931 |
| Retained percentages | 262,209 | | | |
| Deferred revenue | 2,020,082 | | | 850,625 |
| Other | 131,719 | | | |
| Long-term obligations due within one year - County | 10,982,369 | | | |
| Long-term obligations due within one year - TTASC | 526,048 | | | |
| Total Current Liabilities | <u>29,824,971</u> | <u>115,441</u> | <u>-0-</u> | <u>1,005,691</u> |

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
STATEMENT OF NET ASSETS
(CONTINUED)
DECEMBER 31, 2011

| | Primary Government | Component Units | | |
|--|----------------------------|--------------------------------------|-------------------------------------|--|
| | Governmental Activities | Tompkins County Public Library | Industrial Development Agency | Soil and Water Conservation District |
| Total current liabilities carried forward | \$ 29,824,971 | \$ 115,441 | \$ -0- | \$ 1,005,691 |
| Noncurrent Liabilities: | | | | |
| Long-term obligations due after one year | 75,915,617 | 2,031,900 | | |
| Long-term obligations due after one year - TTASC | 10,959,700 | | | |
| Total Noncurrent Liabilities | 86,875,317 | 2,031,900 | -0- | -0- |
| Total Liabilities | 116,700,288 | 2,147,341 | -0- | 1,005,691 |
| <u>NET ASSETS</u> | | | | |
| Invested in capital assets, net of related debt | 126,001,120 | 685,541 | | 66,533 |
| Restricted for: | | | | |
| Community Development | 3,837,543 | | | |
| Public Safety | 386,894 | | | |
| Economic Assistance and Opportunity Debt | 5,192,044 | | | |
| Library - Expendable | | 230,451 | | |
| Library - Nonexpendable | | 494,560 | | |
| Total Restricted Net Assets | 9,584,560 | 725,011 | -0- | -0- |
| Unrestricted | 14,997,530 | (511,562) | 811,827 | (369,767) |
| Total Net Assets | \$ 150,583,210 | \$ 898,990 | \$ 811,827 | \$ (303,234) |

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

| | Program Revenues | | | |
|--|-----------------------|-----------------------------|---|---|
| <u>FUNCTIONS/PROGRAMS</u> | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Primary Government: | | | | |
| Governmental Activities: | | | | |
| General Governmental Support | \$ 28,431,858 | \$ 2,498,560 | \$ 412,689 | \$ _____ |
| Education | 9,124,387 | _____ | 2,345,620 | _____ |
| Public Safety | 20,268,676 | 828,176 | 1,105,396 | 204,703 |
| Health | 19,300,145 | 5,601,917 | 7,250,979 | _____ |
| Transportation | 25,970,031 | 2,915,374 | 6,136,397 | 11,239,778 |
| Economic Assistance and Opportunity | 54,250,004 | 2,549,130 | 25,172,486 | _____ |
| Culture and Recreation | 4,722,598 | _____ | 298,098 | _____ |
| Home and Community Services | 8,222,584 | 6,037,874 | 883,168 | _____ |
| Interest on Debt-County | 2,280,298 | _____ | _____ | _____ |
| Interest on Debt-TASC | 790,502 | _____ | _____ | _____ |
| Total Governmental Activities | <u>\$ 173,361,083</u> | <u>\$ 20,431,031</u> | <u>\$ 43,604,833</u> | <u>\$ 11,444,481</u> |
| Component Units: | | | | |
| Tompkins County Public Library | \$ 4,188,712 | \$ 108,526 | \$ 3,390,713 | \$ _____ |
| Industrial Development Agency | 423,174 | 435,773 | _____ | _____ |
| Soil and Water Conservation | 964,539 | 120,317 | 684,338 | _____ |
| Total Component Units | <u>\$ 5,576,425</u> | <u>\$ 664,616</u> | <u>\$ 4,075,051</u> | <u>\$ -0-</u> |

Net (Expense) 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

Net Assets - End of Year

See Independent Auditor's Report and Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Assets

| Primary Government | Component Units | | |
|-------------------------------------|--------------------------------------|-------------------------------------|--|
| Total Governmental Activities | Tompkins County Public Library | Industrial Development Agency | Soil and Water Conservation District |
| \$ (25,520,609) | \$ _____ | \$ _____ | \$ _____ |
| (6,778,767) | _____ | _____ | _____ |
| (18,130,401) | _____ | _____ | _____ |
| (6,447,249) | _____ | _____ | _____ |
| (5,678,482) | _____ | _____ | _____ |
| (26,528,388) | _____ | _____ | _____ |
| (4,424,500) | _____ | _____ | _____ |
| (1,301,542) | _____ | _____ | _____ |
| (2,280,298) | _____ | _____ | _____ |
| (790,502) | _____ | _____ | _____ |
| (97,880,738) | -0- | -0- | -0- |
| _____ | (689,473) | _____ | _____ |
| _____ | _____ | 12,599 | _____ |
| _____ | _____ | _____ | (159,884) |
| -0- | (689,473) | 12,599 | (159,884) |
| (97,880,738) | (689,473) | 12,599 | (159,884) |
| 37,602,579 | _____ | _____ | _____ |
| 2,473,150 | _____ | _____ | _____ |
| 48,450,766 | _____ | _____ | _____ |
| 557,985 | _____ | _____ | _____ |
| 542,928 | _____ | _____ | _____ |
| 379,667 | _____ | _____ | _____ |
| 1,883,184 | (55,126) | 1,459 | 2,484 |
| 1,625,075 | 22,156 | _____ | 70,528 |
| 175,405 | _____ | _____ | _____ |
| (276,334) | _____ | _____ | _____ |
| 93,414,405 | (32,970) | 1,459 | 73,012 |
| (4,466,333) | (722,443) | 14,058 | (86,872) |
| 155,049,543 | 1,621,433 | 797,769 | (216,362) |
| \$ <u>150,583,210</u> | \$ <u>898,990</u> | \$ <u>811,827</u> | \$ <u>(303,234)</u> |

COUNTY OF TOMPKINS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

| <u>ASSETS</u> | Major Funds | | |
|---|-----------------|-----------------------|------------------------|
| | General Fund | Special Revenue Funds | |
| | | County Road Fund | Transportation Fund |
| Assets: | | | |
| Cash and cash equivalents - Unrestricted | \$ 13,573,104 | \$ 1,243,515 | \$ 47,594 |
| - Restricted | 2,629,683 | | |
| Temporary investments - Restricted | 5,174,596 | | |
| Taxes receivable, net | 965,151 | 1,254,693 | 243,886 |
| Due from other funds | 16,050,049 | 997,691 | 40,001 |
| Due from state and federal governments | 2,108,351 | | 478,839 |
| Other receivables, net | 1,548,613 | 59,143 | 42,712 |
| Prepaid expenses | | | |
| Securities and mortgages | | | |
| Loans receivable | | | |
| Total Assets | \$ 42,049,547 | \$ 3,555,042 | \$ 853,032 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 5,984,402 | \$ 252,531 | \$ 88,591 |
| Accrued liabilities | 601,364 | 26,490 | 12,915 |
| Due to other funds | 2,147,228 | 564,491 | 604,850 |
| Due to Fiduciary Funds | 714,045 | | |
| Due to other governments | 5,602,304 | | |
| Retained percentages | | | |
| Other liabilities | 131,719 | | |
| Deferred revenues | 3,445,612 | | |
| Total Liabilities | 18,626,674 | 843,512 | 706,356 |
| Fund Balances: | | | |
| Nonspendable | 1,548,613 | 59,143 | 42,712 |
| Restricted | 554,973 | | |
| Committed | 500,000 | | |
| Assigned | 5,095,267 | 2,652,387 | 103,964 |
| Unassigned | 15,724,020 | | |
| Total Fund Balances | 23,422,873 | 2,711,530 | 146,676 |
| Total Liabilities and Fund Balances | \$ 42,049,547 | \$ 3,555,042 | \$ 853,032 |

See Independent Auditor's Report and Notes to Financial Statements

| Major Funds | | | | | Total Non-Major Governmental Funds | Total Governmental Funds |
|-----------------------|-----------------------|------------------------|-----------------------|----------------------|---|--------------------------------|
| Special Revenue Funds | | Capital Projects Funds | | Debt Service Fund | | |
| Solid Waste Fund | Special Grant Fund | Transportation Fund | Public Health Fund | Debt Service Fund | | |
| \$ 1,535,996 | \$ 100 | \$ 215,032 | \$ 631,080 | \$ 2,389 | \$ 4,120,801 | \$ 21,369,611 |
| 400,000 | 612,839 | | | 1,857,805 | 1,763,571 | 7,263,898 |
| | | | | | 649,784 | 649,784 |
| | | | | | | 5,174,596 |
| 557,837 | 168,850 | 155,233 | | 48,387 | 530,761 | 3,924,798 |
| | 82,455 | 2,336,643 | | | 204,703 | 19,711,542 |
| 347,726 | 107,228 | 250,400 | | | 575,000 | 3,867,544 |
| 28,342 | 14,090 | | | | 12,560 | 1,705,460 |
| | | | | 1,960,730 | | 1,960,730 |
| | 2,995,081 | | | | | 2,995,081 |
| <u>\$ 2,869,901</u> | <u>\$ 3,980,643</u> | <u>\$ 2,957,308</u> | <u>\$ 631,080</u> | <u>\$ 3,869,311</u> | <u>\$ 7,857,180</u> | <u>\$ 68,623,044</u> |
| | | | | | | |
| \$ 365,269 | \$ 82,545 | \$ 1,211,386 | \$ 27,493 | \$ 2,389 | \$ 93,346 | \$ 8,107,952 |
| 13,103 | 8,788 | | | | 4,381 | 667,041 |
| 174,741 | 51,767 | 491,121 | | | 147,874 | 4,182,072 |
| | | | | | | 714,045 |
| | | | | | | 5,602,304 |
| | | 35,303 | 154,799 | | 72,107 | 262,209 |
| | | | | | | 131,719 |
| | 2,995,081 | | | 1,960,730 | | 8,401,423 |
| 553,113 | 3,138,181 | 1,737,810 | 182,292 | 1,963,119 | 317,708 | 28,068,765 |
| | | | | | | |
| 28,342 | 14,090 | | | | 12,560 | 1,705,460 |
| 400,000 | 828,372 | | | 1,906,192 | 2,988,355 | 6,677,892 |
| | | 1,219,498 | 448,788 | | 3,311,992 | 5,480,278 |
| 1,888,446 | | | | | 1,226,565 | 10,966,629 |
| | | | | | | 15,724,020 |
| 2,316,788 | 842,462 | 1,219,498 | 448,788 | 1,906,192 | 7,539,472 | 40,554,279 |
| <u>\$ 2,869,901</u> | <u>\$ 3,980,643</u> | <u>\$ 2,957,308</u> | <u>\$ 631,080</u> | <u>\$ 3,869,311</u> | <u>\$ 7,857,180</u> | <u>\$ 68,623,044</u> |

COUNTY OF TOMPKINS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2011

Total Governmental Fund Balances \$ 40,554,279

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 | \$ 302,876,172 | |
| Less accumulated depreciation | <u>(122,916,017)</u> | <u>179,960,155</u> |

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

| | | |
|-------------------------------------|------------------|-------------------|
| Tompkins Cortland Community College | \$ 14,664,292 | |
| Tompkins Consolidated Area Transit | <u>4,969,180</u> | <u>19,633,472</u> |

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds. 6,381,341

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. 1,699,576

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

| | | |
|-------------------------------------|----------------|-----------------|
| Accrued interest payable | \$ (699,166) | |
| County unamortized bond issue costs | 489,039 | |
| TTASC unamortized bond issue costs | <u>124,039</u> | <u>(86,088)</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 Notes 2-B-2, 3 and 4.

| | | |
|---|--------------------|---------------------|
| Serial Bonds payable | \$ (42,305,544) | |
| TTASC tobacco settlement pass-through bonds | (11,485,748) | |
| Bond Anticipation Notes payable | (5,071,257) | |
| Installment purchase debt | (7,028,987) | |
| Other postemployment benefits liability | (28,003,493) | |
| Compensated absences | <u>(3,664,496)</u> | <u>(97,559,525)</u> |

Net Assets of Governmental Activities \$ 150,583,210

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, 2011

| | Major Funds | | |
|---|---------------|-----------------------|---------------------|
| | General Fund | Special Revenue Funds | |
| | | County Road Fund | Transportation Fund |
| <u>REVENUES</u> | | | |
| Real property taxes | \$ 37,585,922 | \$ | \$ |
| Real property tax items | 2,473,150 | | |
| Nonproperty tax items | 48,450,766 | | |
| Departmental income | 10,864,817 | | 1,329,078 |
| Intergovernmental charges | 494,562 | | 149,998 |
| Use of money and property | 539,088 | 2,124 | 1,186,680 |
| Licenses and permits | 3,196 | 6,125 | |
| Fines and forfeitures | 207,952 | | |
| Sale of property and compensation for loss | 613,730 | 12,656 | 28,177 |
| Miscellaneous local sources | 1,046,057 | 31,850 | 10,177 |
| Interfund revenues | 456,381 | | |
| State sources | 23,527,472 | 1,705,543 | |
| Federal sources | 18,287,856 | 702,571 | |
| Total Revenues | 144,550,949 | 2,460,869 | 2,704,110 |
| <u>EXPENDITURES</u> | | | |
| General governmental support | 25,487,978 | | |
| Education | 9,109,220 | | |
| Public safety | 15,554,991 | 193,421 | |
| Health | 16,702,420 | | |
| Transportation | 8,372,305 | 5,720,194 | 2,207,140 |
| Economic assistance and opportunity | 49,983,191 | | |
| Culture and recreation | 4,316,421 | | |
| Home and community services | 1,458,820 | | |
| Employee benefits | 390,075 | 786,516 | 369,993 |
| Debt service (principal and interest) | | | |
| Capital outlay | | | |
| Total Expenditures | 131,375,421 | 6,700,131 | 2,577,133 |
| Excess of Revenues (Expenditures) | 13,175,528 | (4,239,262) | 126,977 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Interfund transfers in | | 4,180,183 | |
| Interfund transfers (out) | (10,630,981) | | (233,491) |
| Proceeds of obligations | | | |
| Premium on obligations | | | |
| Total Other Financing Sources (Uses) | (10,630,981) | 4,180,183 | (233,491) |
| Excess of Revenues (Expenditures) and Other Financing Sources (Uses) | 2,544,547 | (59,079) | (106,514) |
| Fund Balances, Beginning of Year | 20,878,326 | 2,770,609 | 253,190 |
| Fund Balances, End of Year | \$ 23,422,873 | \$ 2,711,530 | \$ 146,676 |

See Independent Auditor's Report and Notes to Financial Statements

| Major Funds | | | | | Total Non-Major Governmental Funds | Total Governmental Funds |
|-----------------------|-----------------------|------------------------|-----------------------|----------------------|---|--------------------------------|
| Special Revenue Funds | | Capital Projects Funds | | | | |
| Solid Waste Fund | Special Grant Fund | Transportation Fund | Public Health Fund | Debt Service Fund | | |
| \$ | \$ | \$ | \$ | \$ | \$ | \$ 37,585,922 |
| | | | | | | 2,473,150 |
| | | | | | | 48,450,766 |
| 4,841,979 | 410,374 | | | | | 17,446,248 |
| | | | | 603,218 | | 1,247,778 |
| 915 | | 10,801 | 2,178 | 162,843 | 15,059 | 1,919,688 |
| | | | | | | 9,321 |
| | | | | | | 207,952 |
| 1,146,454 | | | | | 193,859 | 1,994,876 |
| 5,653 | 200,911 | 35,550 | | 226,505 | 1,057,911 | 2,614,614 |
| | | | | | 1,188,396 | 1,644,777 |
| 368,447 | 193,777 | 131,827 | | | | 25,927,066 |
| 48,104 | 1,331,526 | 2,034,134 | | | 5,894,792 | 28,298,983 |
| 6,411,552 | 2,136,588 | 2,212,312 | 2,178 | 992,566 | 8,350,017 | 169,821,141 |
| | | | | 9,089 | 39,960 | 25,537,027 |
| | | | | | | 9,109,220 |
| | | | | | | 15,748,412 |
| | | | | | | 16,702,420 |
| | | | | | 1,046,858 | 17,346,497 |
| | 1,281,533 | | | | | 51,264,724 |
| | | | | | | 4,316,421 |
| 4,180,452 | 932,651 | | | | | 6,571,923 |
| 345,017 | | | | | 109,533 | 2,001,134 |
| | | | | 7,784,926 | 531,028 | 8,315,954 |
| | | 4,154,211 | 38,887 | | 10,169,530 | 14,362,628 |
| 4,525,469 | 2,214,184 | 4,154,211 | 38,887 | 7,794,015 | 11,896,909 | 171,276,360 |
| 1,886,083 | (77,596) | (1,941,899) | (36,709) | (6,801,449) | (3,546,892) | (1,455,219) |
| | 132,594 | 653,371 | | 6,671,002 | 620,635 | 12,257,785 |
| (1,098,313) | | (615,000) | | | | (12,577,785) |
| | | | | 365,000 | 3,798,000 | 4,163,000 |
| | | | | 21,257 | | 21,257 |
| (1,098,313) | 132,594 | 38,371 | -0- | 7,057,259 | 4,418,635 | 3,864,257 |
| 787,770 | 54,998 | (1,903,528) | (36,709) | 255,810 | 871,743 | 2,409,038 |
| 1,529,018 | 787,464 | 3,123,026 | 485,497 | 1,650,382 | 6,667,729 | 38,145,241 |
| \$ 2,316,788 | \$ 842,462 | \$ 1,219,498 | \$ 448,788 | \$ 1,906,192 | \$ 7,539,472 | \$ 40,554,279 |

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, 2011

Net Change in Fund Balances - Total Governmental Funds \$ 2,409,038

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 and net book value of disposed assets.

| | | | |
|-----------------------------------|----|---------------------|------------------|
| Capital outlay | \$ | 11,404,663 | |
| Net book value of disposed assets | | (166,512) | |
| Depreciation expense | | <u>(10,157,358)</u> | <u>1,080,793</u> |

Equity interests in joint ventures are not reported in the Governmental Fund financial statements because they do not represent current resources. This is the change in the investments in the County's joint ventures. (276,334)

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 certain deferred revenues. (206,894)

Debt 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 \$4,163,000 were exceeded by the repayment of debt principal of \$5,854,514. 1,691,514

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. Changes in these expenses include the following.

| | | | |
|--|----|-----------------|--------------------|
| Compensated absences | \$ | 86,251 | |
| Other postemployment benefits liability | | (7,979,862) | |
| Accrued interest payable | | (170,464) | |
| Accreted interest on Series 2005 TTASC bonds | | (371,163) | |
| Premiums on obligations | | 2,049 | |
| Amortization of bond premiums, discounts, bond issuance costs, and amounts deferred on refunding bonds | | <u>(98,250)</u> | <u>(8,531,439)</u> |

Cash outflows from the issuance of loans to qualified recipients under revolving loan programs are recorded as expenditures, whereas loan repayments and payments on long-term receivables are recorded as revenue in the Governmental Fund financial statements. In the Government-wide financial 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 \$308,187 and write-offs of \$597,377 exceeded issuances of \$27,000. (878,564)

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 gain of the Internal Service Fund is reported with Governmental Activities. 245,553

Change in Net Assets of Governmental Activities \$ (4,466,333)

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
 STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
DECEMBER 31, 2011

| | | <u>Governmental Activities</u> <u>Internal Service</u> <u>Funds</u> |
|------------------------------|---------------------------|---|
| | <u>ASSETS</u> | |
| Cash and cash equivalents | | \$ <u>2,372,149</u> |
| Accounts receivable, net | | <u>6,398</u> |
| Due from other funds | | <u>260,474</u> |
| Total Assets | | <u>2,639,021</u> |
| | <u>LIABILITIES</u> | |
| Accounts payable | | <u>112,036</u> |
| Benefits and awards payable | | <u>824,209</u> |
| Claims and judgments payable | | <u>3,200</u> |
| Due to other funds | | <u>3,200</u> |
| Total Liabilities | | <u>939,445</u> |
| | <u>NET ASSETS</u> | |
| Total Net Assets | | \$ <u><u>1,699,576</u></u> |

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

| | <u>Governmental Activities Internal Service Funds</u> |
|--|--|
| <u>OPERATING REVENUES</u> | |
| Charges for services - Governmental Funds | \$ 836,881 |
| Charges for services - External participants | <u>27,250</u> |
| Charges for services - Interfund transfer | <u>320,000</u> |
| Other operating revenues | <u>132,764</u> |
| Total Operating Revenues | <u>1,316,895</u> |
| <u>OPERATING EXPENSES</u> | |
| Administrative | <u>157,145</u> |
| Contractual | <u>195,055</u> |
| Benefits and awards | <u>579,519</u> |
| Claims and judgments | <u>143,909</u> |
| Total Operating Expenses | <u>1,075,628</u> |
| Gain from Operations | <u>241,267</u> |
| <u>NONOPERATING REVENUES (EXPENSES)</u> | |
| Interest income | <u>4,286</u> |
| Total Nonoperating Revenues | <u>4,286</u> |
| Net Gain Before Transfers | <u>245,553</u> |
| Change in Net Assets | <u>245,553</u> |
| Total Net Assets, Beginning of Year | <u>1,454,023</u> |
| Total Net Assets, End of Year | <u>\$ 1,699,576</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, 2011

| | <u>Governmental Activities</u> <u>Internal Service Funds</u> |
|---|---|
| Cash Flows from Operating Activities: | |
| Cash received from providing services | \$ 871,806 |
| Cash received from insurance recoveries | <u>132,764</u> |
| Cash received from interfund transfer | <u>529,640</u> |
| Cash payments - Suppliers | <u>(333,839)</u> |
| Cash payments - Claims and benefits | <u>(564,319)</u> |
| Net Cash Provided by Operating Activities | <u>636,052</u> |
| Cash Flows from Non-capital Financing Activities | <u>-0-</u> |
| Cash Flows from Capital and Related Financing Activities | <u>-0-</u> |
| Cash Flows from Investing Activities: | |
| Interest income received | <u>4,286</u> |
| Net Cash Provided by Investing Activities | <u>4,286</u> |
| Net Increase in Cash and Cash Equivalents | <u>640,338</u> |
| Cash and Cash Equivalents, January 1, | <u>1,731,811</u> |
| Cash and Cash Equivalents, December 31, | \$ <u><u>2,372,149</u></u> |
| Reconciliation of Gain of Income from Operations to Net Cash Provided by Operating Activities: | |
| Gain from operations | \$ <u>241,267</u> |
| Decrease in interfund receivable | <u>209,640</u> |
| Decrease in other receivables | <u>7,675</u> |
| Increase in accounts payable | <u>17,755</u> |
| Increase in accrued liabilities | <u>159,109</u> |
| Increase in interfund payable | <u>606</u> |
| Net Cash Provided by Operating Activities | \$ <u><u>636,052</u></u> |

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
DECEMBER 31, 2011

| | Private Purpose Trust Fund | Agency Fund |
|--|-------------------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| <u>ASSETS</u> | | |
| Cash and cash equivalents - Unrestricted | \$ 14,711 | \$ 5,584,607 |
| Accounts receivable | <u> </u> | <u>124,606</u> |
| Due from Governmental Funds | <u> </u> | <u>714,045</u> |
| Total Assets | <u>14,711</u> | <u>\$ 6,423,258</u> |
| <u>LIABILITIES</u> | | |
| Agency liabilities | <u> </u> | <u>\$ 6,423,258</u> |
| Total Liabilities | <u>-0-</u> | <u>\$ 6,423,258</u> |
| <u>NET ASSETS</u> | | |
| Held in Trust for Memorials | <u>14,711</u> | |
| Total Net Assets | <u>\$ 14,711</u> | |

See Independent Auditor's Report and Notes to Financial Statements

COUNTY OF TOMPKINS
 STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

| | | Private Purpose Trust Fund |
|--------------------------------|--------------------------|-------------------------------------|
| | <u>ADDITIONS</u> | |
| Investment earnings | | \$ <u>26</u> |
| Total Additions | | <u>26</u> |
| | <u>DEDUCTIONS</u> | |
| Total Deductions | | <u>-0-</u> |
| Change in Net Assets | | <u>26</u> |
| Net Assets - Beginning of Year | | <u>14,685</u> |
| Net Assets - End of Year | | \$ <u><u>14,711</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, 2011

Note 1 - Summary of Significant Accounting Policies

The financial statements of the County of Tompkins (the County) 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, 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 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, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement Number 14, "The Financial Reporting Entity," as amended by GASB Statement Number 39, "Determining Whether Certain Organizations are Component Units."

The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth in GASB Statement Number 14, "The Financial Reporting Entity," as amended by GASB Statement Number 39, "Determining Whether Certain Organizations are Component Units," including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following are included as component units:

1. Blended Component Unit

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. TTASC is one of 17 New York County TASC's in the New York Counties Tobacco Trust I, organized as not-for-profit local development corporations who purchased the rights to the tobacco settlement proceeds from each respective County. The TASC's, in turn, pledged and assigned all of their rights as security and as a source of payment to the New York Counties Tobacco Trust I, who issued in aggregate \$227,130,000 of Tobacco Settlement Pass Through Bonds. The proceeds from securitizing 50% of its future proceeds amounted to \$7,070,234 and were recognized in the 2000 financial statements of the County. During 2005, the TASC was able to restructure pledged revenues in order to raise additional revenues.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

Participation in New York Counties' Tobacco Trust V resulted in \$3,659,502 of proceeds distributed to the County for capital improvements. 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 the Finance Director at Tompkins County located at 125 Court Street, Ithaca, New York 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, New York 14850.

Tompkins County Industrial Development Agency (TCIDA) - A Public Benefit Corporation created by State Legislation to promote the economic welfare, recreational opportunities, and prosperity of Tompkins County residents. Members of TCIDA are appointed by the municipality but exercise no oversight responsibility. TCIDA members have complete responsibility for management of the agency and accountability for fiscal matters. The municipality is not liable for TCIDA bonds or notes.

Tompkins County Development Corporation (Corporation) - Similar to the Tompkins county Industrial Development Agency, the Corporation was formed for the purpose of encouraging economic growth in Tompkins County during 2010. Because New York State has legislated that industrial development agencies can no longer serve not for profit entities, the Corporation will serve that segment of the economy in Tompkins County. The corporation is deemed to be a component unit of TCIDA.

TCIDA 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, New York 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 a discretely presented component unit. Complete financial statements can be obtained from their administrative office at 903 Hanshaw Road, Ithaca, New York 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:

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

- a. 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.
- b. Tompkins Consolidated Area Transit (TCAT) was formed under a consolidation agreement between the City of Ithaca, the County of Tompkins, 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 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 debt acquired by TCAT shall be shared equally. Each party makes an annual contribution of equal amounts to the venture. See Notes 3 and 4 for additional disclosure regarding this joint venture.

B. Basic Financial Statements

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

1. Government-wide Financial Statements

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

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

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

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.

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

2. Governmental Fund Financial Statements

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

a. 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:

1) Major Funds

General Fund - Principal operating fund, includes all operations not required to be recorded in other funds.

(a) Special Revenue Funds

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

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

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

Solid Waste Fund - Accounts for County solid waste activities.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

(b) Capital Projects Funds

Transportation Fund - Accounts for and reports financial resources to be used for the acquisition, construction, or renovation of major capital facilities, equipment or transportation systems.

Public Health Fund - Accounts for and reports financial resources to be used for the acquisition, construction, or renovation of major capital facilities or equipment.

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

2) Non-Major Funds

Special Revenue Fund

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

Capital Projects Funds - Consists of general government, home and community service, public safety, education, and TCAT funds, which are used to account for and report financial resources to be used for the acquisition, construction, or renovation of major capital facilities, equipment or transportation system.

TTASC Debt Service Fund - Accounts for accumulation of resources from tobacco settlement payments and for payment of principal and interest on Tobacco Settlement Pass through Bonds.

b. Proprietary Funds

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

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

c. Fiduciary Funds

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

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

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

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

C. Basis of Accounting/Measurement Focus

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

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

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

The County considers property tax receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year. All other revenues that are deemed collectible within six months after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

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

D. Equity Classifications

1. Government-wide Financial Statements

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

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings 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.

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

2. Governmental Fund Financial Statements

In the year ended December 31, 2011, the County implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Statement No. 54 changes the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

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

- **Nonspendable**
Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- **Restricted**
Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation.
- **Committed**
Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, which requires the same level of formal action to remove said constraint.
- **Assigned**
Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned**
Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The County has, by resolution, adopted a fiscal policy which states the County must maintain an unassigned fund balance of at least 5% of the General Fund operating budget. The County's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

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

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 deemed not available is treated as deferred revenue. At December 31, 2011, the County had deferred \$1,425,530 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
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- 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 various state and federally funded programs.

J. Revenues

Substantially all Governmental Fund revenues are accrued. Property tax receivables expected to be received later than 60 days after year end are deferred. In applying GASB Statement Number 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Subsidies and grants to Proprietary Funds that finance either capital or current operations are reported as nonoperating revenue, based on GASB Statement Number 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, 2011, the County had reserved \$884,207 in the Internal Service Fund to fund any settlements (See Note 4). At year end, there was \$66,500 of incurred claims pending. Additionally, the County is self-insured for unemployment and reimburses New York State dollar for dollar for any unemployment claims. Unemployment charges for 2011 amounted to \$129,841.

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NOTES TO FINANCIAL STATEMENTS
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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 2011, 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, 2011, reflected \$824,209 as an accrual for claims incurred but not paid.

An additional \$67,087 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> |
|-------------|--|--|---------------------------|--------------------------------------|
| 2011 | \$ 665,100 | \$ 738,628 | \$ (579,519) | \$ 824,209 |
| 2010 | 642,808 | 627,048 | (604,756) | 665,100 |

L. Property, Plant, and Equipment

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Equipment and furnishings over \$5,000; machinery and motor vehicles over \$25,000; land and buildings over \$100,000; and infrastructure assets over \$100,000, with 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. 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, 2011, is approximately \$3,664,496, and is recorded as a long-term obligation in the Statement of Net Assets. In addition, component units of the County reported \$133,856 in compensated absences at December 31, 2011.

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.

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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.

During 2008, the County adopted GASB Statement Number 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." The County's liability for other postemployment benefits has been recorded in the Statements of Net Assets, in accordance with the statement. See Note 4.A for additional information.

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

O. Interfund Activity

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

Note 2 - Detail Notes

A. Assets

1. Cash and Investments

The County of Tompkins' investment policies are governed by state statutes. In addition, the County has its own written investment policy. The County's monies must be deposited in Federal Deposit Insurance Corporation (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% of the cost of the repurchase agreement.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
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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's 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, 2011, per the bank, were \$38,442,032 for the primary government.

2. Restricted Cash

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

| Governmental Activity | Amount |
|-------------------------------|--------------|
| Unspent bond proceeds | \$ 1,666,802 |
| Debt Service | 1,906,192 |
| Community development | 780,918 |
| Public safety | 1,386,894 |
| Repairs and replacements | 426,323 |
| Public health | 500,000 |
| Health insurance | 500,000 |
| TASC | 96,769 |
| Total Governmental Activities | \$ 7,263,898 |

Restricted investments of \$649,784 represent amounts held in a mandated TASC liquidity reserve, which is held in trust and comprised of U.S. Treasury money market funds recorded at cost, which approximates fair value.

3. Securities and Mortgages Receivable

The County has recorded \$1,960,730 of Securities and Mortgages Receivable offset by Deferred Revenues of \$1,960,730 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 for which third parties have contractual responsibility to reimburse the County for future debt service requirements. The following summarizes the parties and obligations involved:

| Indebtedness | Original Amount | Date Issued | Party Involved | % Share | Balance 12/31/11 |
|--------------|-----------------|-------------|-------------------------------|---------|------------------|
| Serial Bond | \$ 330,000 | 2005 | Food Net | 100% | \$ 192,038 |
| BAN | 105,000 | 2002 | Cooperative Extension of T.C. | 100% | 59,376 |
| County Funds | 180,000 | 2001 | Cooperative Extension of T.C. | 100% | 105,298 |
| Serial Bond | 2,910,000 | 2005 | Cortland County | 36% | 466,591 |
| Serial Bond | 1,400,000 | 2005 | Tompkins Community Action | 100% | 712,505 |
| Serial Bond | 350,000 | 1995 | Cooperative Extension of T.C. | 100% | 85,722 |
| Serial Bond | 2,800,000 | 1995 | Cortland County | 36% | 140,694 |
| Serial Bond | 1,000,000 | 1998 | Cortland County | 36% | 198,506 |
| Total | | | | | \$ 1,960,730 |

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED DECEMBER 31, 2011

4. Other Receivables

Accounts receivable as of December 31, 2011, consisted of the following:

| | |
|---|---------------------|
| General Fund: | |
| Tobacco settlement revenue receivable | \$ 500,000 |
| Miscellaneous rents and fees | 705,550 |
| TC3 retirement contributions | 958,480 |
| Allowance for uncollectibles | <u>(55,679)</u> |
| Total General Fund | 2,108,351 |
| | |
| Transportation Fund: | |
| Transportation fees due from airlines | 478,839 |
| | |
| Solid Waste Fund: | |
| Solid waste tipping fees | 420,540 |
| Allowance for uncollectibles | <u>(72,814)</u> |
| Total Solid Waste Fund | 347,726 |
| | |
| Special Grant Fund: | |
| Grants receivable | 107,228 |
| | |
| Internal Service Funds: | |
| Miscellaneous | 6,398 |
| | |
| Capital Projects Funds: | |
| Transportation Fund | 250,400 |
| | |
| Non-Major Funds: | |
| TTASC Tobacco settlement revenue receivable and accrued interest | <u>575,000</u> |
| Total Governmental Funds | <u>\$ 3,873,942</u> |

5. Property Taxes

At December 31, 2011, total real property tax assets of \$5,666,574 are offset by an allowance for uncollectible taxes of \$491,978. Current year returned village and school taxes of \$3,352,372 are offset by liabilities to the villages and school districts which will be paid no later than April 1, 2011. The remaining portion of tax assets is partially offset by deferred tax revenue of \$1,425,530 (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
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FOR THE YEAR ENDED DECEMBER 31, 2011

6. Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

| | <u>Balance at</u> <u>12/31/10</u> | <u>Additions</u> | <u>Deletions</u> | <u>Reclassifi-</u> <u>cation</u> | <u>Balance at</u> <u>12/31/11</u> |
|---|--------------------------------------|---------------------|---------------------|-------------------------------------|--------------------------------------|
| <u>Governmental Activities:</u> | | | | | |
| Non-depreciable Capital Assets: | | | | | |
| Land and land improvements | \$ 7,125,999 | \$ 215,480 | \$ | \$ | \$ 7,341,479 |
| Construction in progress | <u>2,996,343</u> | <u>1,160,488</u> | <u></u> | <u>(1,100,968)</u> | <u>3,055,863</u> |
| Total Non-depreciable Capital Assets | <u>10,122,342</u> | <u>1,375,968</u> | <u>-0-</u> | <u>(1,100,968)</u> | <u>10,397,342</u> |
| Depreciable Capital Assets: | | | | | |
| Buildings | 85,142,772 | 3,564,836 | | 20,882 | 88,728,490 |
| Machinery and equipment | 13,112,898 | 395,246 | (837,231) | | 12,670,913 |
| Infrastructure | <u>183,930,728</u> | <u>6,068,613</u> | <u></u> | <u>1,080,086</u> | <u>191,079,427</u> |
| Total Depreciable Capital Assets | <u>282,186,398</u> | <u>10,028,695</u> | <u>(837,231)</u> | <u>1,100,968</u> | <u>292,478,830</u> |
| Total Historical Cost | <u>292,308,740</u> | <u>11,404,663</u> | <u>(837,231)</u> | <u>-0-</u> | <u>302,876,172</u> |
| Less Accumulated Depreciation: | | | | | |
| Buildings | (35,544,360) | (3,235,855) | | | (38,780,215) |
| Machinery and equipment | (6,080,935) | (585,180) | 670,719 | | (5,995,396) |
| Infrastructure | <u>(71,804,083)</u> | <u>(6,336,323)</u> | <u></u> | <u></u> | <u>(78,140,406)</u> |
| Total Accumulated Depreciation | <u>(113,429,378)</u> | <u>(10,157,358)</u> | <u>670,719</u> | <u>-0-</u> | <u>(122,916,017)</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 178,879,362</u> | <u>\$ 1,247,305</u> | <u>\$ (166,512)</u> | <u>\$ -0-</u> | <u>\$ 179,960,155</u> |

Depreciation expense was charged to functions as follows:

| | |
|--|----------------------|
| <u>Governmental Activities:</u> | |
| General Governmental Support | \$ 688,869 |
| Education | 15,167 |
| Public Safety | 2,160,905 |
| Public Health | 582,626 |
| Transportation | 5,319,921 |
| Economic Assistance and Opportunity | 420,621 |
| Culture and Recreation | 327,996 |
| Home and Community Services | <u>641,253</u> |
| Total Governmental Activities Depreciation Expense | <u>\$ 10,157,358</u> |

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NOTES TO FINANCIAL STATEMENTS
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Capital asset activity of the Tompkins County Public Library was as follows:

| | Balance at | Additions | Retirements | Balance at |
|--------------------------------|--------------------|---------------------|------------------|--------------------|
| Historical Cost: | <u>12/31/10</u> | <u>12/31/10</u> | <u>12/31/10</u> | <u>12/31/11</u> |
| Equipment | \$ 1,304,526 | \$ 14,407 | \$ (733) | \$ 1,318,200 |
| Collection | <u>5,252,511</u> | <u>241,075</u> | <u>(157,575)</u> | <u>5,336,011</u> |
| Total Historical Cost | <u>6,557,037</u> | <u>255,482</u> | <u>(158,308)</u> | <u>6,654,211</u> |
| | | | | |
| Less Accumulated Depreciation: | | | | |
| Equipment | (1,128,472) | (49,366) | 733 | (1,177,105) |
| Collection | <u>(4,633,365)</u> | <u>(315,775)</u> | <u>157,575</u> | <u>(4,791,565)</u> |
| Total Accumulated Depreciation | <u>(5,761,837)</u> | <u>(365,141)</u> | <u>158,308</u> | <u>(5,968,670)</u> |
| | | | | |
| Total Capital Assets, Net | <u>\$ 795,200</u> | <u>\$ (109,659)</u> | <u>\$ -0-</u> | <u>\$ 685,541</u> |

The Tompkins County Public Library Foundation also had a net book value of equipment of \$1,469 at December 31, 2011.

B. Liabilities

1. Pension Plans

a. General Information

The County participates in the New York State and Local Employees' Retirement System (ERS). This is a cost sharing multiple-employer defined benefit 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.

b. Funding Policy

Plan members who joined the Systems before July 27, 1976 are not required to make contributions. Those joining after July 27, 1976 and before January 1, 2010 with less than ten years of membership are required to contribute 3% of their annual salary. Those joining NYSERS on or after January 1, 2010 are required to contribute 3% of their annual salary for their entire working career. 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.

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

| | <u>ERS</u> |
|------|--------------|
| 2011 | \$ 5,582,675 |
| 2010 | 4,410,419 |
| 2009 | 2,854,148 |

The County's contributions made to the System were equal to 100% of the contributions required for each of the years.

2. Short-term Debt

a. Bond Anticipation Notes

The County may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

b. Revenue Anticipation Notes

The County may issue Revenue Anticipation Notes (RANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. RANs represent a liability that will be extinguished by the use of expendable, available resources. During the year ended December 31, 2011, the County did not issue or redeem any RANs.

c. Summary of Short-term Debt

The following is a summary of changes in short-term obligations for the period ended December 31, 2011:

| | <u>Balance</u> <u>12/31/10</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>12/31/11</u> |
|------|-----------------------------------|------------------|------------------|-----------------------------------|
| BANs | \$ 2,415,000 | \$ -0- | \$ (2,415,000) | \$ -0- |

3. Long-term Debt

a. Constitutional Debt Limit

At December 31, 2011, the total outstanding bonded indebtedness of the County of Tompkins (exclusive of TTASC bonds) aggregated \$47,110,000. Of this amount, \$47,110,000 was subject to the constitutional debt limit and represented approximately 11% of its statutory debt limit.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED DECEMBER 31, 2011

b. Serial Bonds

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

c. BANs

BANs are reflected as current or long-term liabilities depending on the refinancing status. For Governmental Funds, if all legal steps have been taken to refinance the BANs, the intent is supported by an ability to consummate refinancing the short-term note on a long-term basis in accordance with the criteria set forth in FASB Statement Number 6, "Classification of Short-term Obligations Expected to be Refinanced," the proceeds of the debt issue are reflected as "Other Financing Sources" in the operating statement of the recipient fund. Such notes are recorded as liabilities in the Government-wide financial statements.

State law requires 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 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) **Workers Compensation Claims:** Represents estimated liabilities for claims for workers' compensation that have been incurred but not reported, and is liquidated in the Internal Service Fund.
- 3) **Postemployment benefits:** Represents the anticipated obligation for the postretirement health care benefits program.
- 4) **Installment Purchase Debt:** Represents long-term lease commitments and is liquidated in the General Fund. The amount capitalized in relation to these lease commitments was \$16,512,501 for infrastructure and \$548,000 for buildings, with total lease commitments outstanding of \$7,028,987 at December 31, 2011.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

e. Summary of Long-term Debt

1) Summary of Changes in Long-term Obligations

The following is a summary of changes in long-term obligations for the period ended December 31, 2011:

| | Balance 12/31/10 | Additions | Deletions | Balance 12/31/11 | Amount Due Within One Year |
|--|--------------------------|--------------------------|---------------------------|--------------------------|----------------------------------|
| Serial Bonds | \$ 46,180,000 | \$ | \$ (4,120,000) | \$ 42,060,000 | \$ 4,290,000 |
| Unamortized premiums | <u>320,147</u> | | <u>(74,603)</u> | <u>245,544</u> | <u>64,981</u> |
| Total Serial Bonds | 46,500,147 | -0- | (4,194,603) | 42,305,544 | 4,354,981 |
| BANs | 2,073,306 | 5,071,257 | (2,073,306) | 5,071,257 | 5,071,257 |
| Compensated absences | 3,750,747 | | (86,251) | 3,664,496 | -0- |
| Workers' compensation claims | 665,100 | 738,628 | (579,519) | 824,209 | 494,525 |
| Postemployment benefits | 20,023,631 | 9,581,945 | (1,602,083) | 28,003,493 | -0- |
| Installment purchase debt | <u>7,475,501</u> | <u>548,000</u> | <u>(994,514)</u> | <u>7,028,987</u> | <u>1,061,606</u> |
| Total Primary Government Long-term Debt | 80,488,432 | 15,939,830 | (9,530,276) | 86,897,986 | 10,982,369 |
| TTASC Bonds | 9,969,440 | | (125,000) | 9,844,440 | 540,000 |
| Add accreted interest on 2005 bonds | 1,487,003 | 371,163 | | 1,858,166 | -0- |
| Less unamortized bond discount | <u>(230,809)</u> | | <u>13,951</u> | <u>(216,858)</u> | <u>(13,952)</u> |
| Total TASC Bonds | 11,225,634 | 371,163 | (111,049) | 11,485,748 | 526,048 |
| Total Long-term Debt | <u>\$ 91,714,066</u> | <u>\$ 16,310,993</u> | <u>\$ (9,641,325)</u> | <u>\$ 98,383,734</u> | <u>\$ 11,508,417</u> |

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

The County expensed \$3,070,800 in interest on long term debt during the year.

| | |
|---|-------------------------|
| Cash paid | \$ 2,449,909 |
| Less interest accrued in prior year | (528,702) |
| Add interest accrued in the current year | 699,166 |
| Add accreted interest on the Series 2005 TASC bonds | 371,163 |
| Less premiums on obligations in prior year | (23,306) |
| Add amortization of bond issue costs on refunding | 151,691 |
| Less amortization of bond premiums | (63,072) |
| Add amortization of TTASC bond discount | <u>13,951</u> |
| Total | <u>\$ 3,070,800</u> |

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

2) Bond Issue Costs

The following is a summary of changes in unamortized bond issue costs for the period ended December 31, 2011:

| | Balance 12/31/10 | Additions | Deletions | Balance 12/31/11 | Amount Due Within One Year |
|---------------------------------------|---------------------|---------------|---------------------|---------------------|----------------------------------|
| Unamortized bond issue costs - County | \$ 640,730 | \$ | \$ (151,691) | \$ 489,039 | \$ 131,521 |
| Unamortized bond issue costs - TTASC | 131,250 | | (7,211) | 124,039 | 7,211 |
| Total Unamortized bond issue costs | <u>\$ 771,980</u> | <u>\$ -0-</u> | <u>\$ (158,902)</u> | <u>\$ 613,078</u> | <u>\$ 138,732</u> |

3) Long-term Debt Maturity Schedule

The following is a statement of Serial Bonds and Long-term BANs with corresponding maturity schedules.

| Description | Date Issued | Interest Rate | Maturity Date | Balance Outstanding |
|--|----------------|------------------|------------------|------------------------|
| BANs | | | | |
| Road and Highway Reconstruction | 12/2011 | 0.74% | 7/2012 | \$ 1,800,000 |
| Public Improvements | 7/2010 | 0.59% | 7/2012 | 3,250,000 |
| Add unamortized premium | | | | <u>21,257</u> |
| Total BANs | | | | <u>\$ 5,071,257</u> |
| Bonds | | | | |
| 2003 Series A & B Refunding | 8/2003 | 2.00-4.50% | 8/2014 | \$ 2,145,000 |
| Add unamortized premiums | | | | <u>22,195</u> |
| Net Refunding Bonds | | | | 2,167,195 |
| Public Improvement Refunding | 10/2004 | 2.50-5.00% | 2/2020 | 12,105,000 |
| Add unamortized premiums | | | | <u>223,349</u> |
| Net Refunding Public Improvement Bonds | | | | 12,328,349 |
| Public Improvements | 5/1992 | 5.60-6.00% | 5/2012 | 150,000 |
| 1996 NYSEFC Bonds | 2/1996 | 2.79% | 2/2012 | 150,000 |
| 2005 Bonds | 3/2005 | 3.80% | 3/2020 | 2,260,000 |
| Public Improvements | 3/2006 | 3.50% | 3/2014 | 2,915,000 |
| Public Improvements | 3/2007 | 3.60-4.00% | 3/2027 | 4,900,000 |
| Public Improvements | 12/2010 | 3.00-4.25% | 12/2032 | <u>17,435,000</u> |
| Total Bonds | | | | <u>\$ 42,305,544</u> |

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

| Description | Date Issued | Interest Rate | Maturity Date | Balance Outstanding |
|---------------------------------|-------------|---------------|---------------|---------------------|
| Installment Purchase Debt | | | | |
| Public Safety Communications | 3/2006 | 3.750% | 9/2016 | \$ 4,450,900 |
| Energy Performance Contract | 3/2006 | 3.760% | 3/2020 | 2,030,087 |
| Human Services Annex | 2/2011 | 4.035% | 2/2025 | 548,000 |
| Total Installment Purchase Debt | | | | <u>\$ 7,028,987</u> |

TTASC:

| Description of Issue | Issue Date | Final Maturity | Interest Rate | Outstanding December 31, 2011 |
|---|------------|----------------|---------------|-------------------------------|
| Series 2000 Tobacco Settlement | | | | |
| Pass-through Bonds | 12/00 | 6/25 | 5.25% - 6.30% | \$ 6,210,000 |
| Less: Unamortized bond discount | | | | <u>(149,043)</u> |
| Carrying Value of Series 2000 Tobacco Settlement Pass-through Bonds | | | | <u>6,060,957</u> |
| Series 2005 Tobacco Settlement | | | | |
| Pass-through Bonds | 11/05 | 6/60 | 6.0% - 7.85% | 3,634,440 |
| Less: Unamortized bond discount | | | | (67,815) |
| Add: Addition to accreted value | | | | <u>1,858,166</u> |
| Carrying Value of Series 2005 Tobacco Settlement Pass-through Bonds | | | | <u>5,424,791</u> |
| Total Carrying Value of Pass-through Bonds | | | | <u>\$ 11,485,748</u> |

The full amount of Long-term BANs of \$5,050,000 is due in 2012.

The County's Debt Service requirements at December 31, 2011 were as follows:

| Year | Serial Bonds | | TASC Series 2000 Bonds | | Installment Purchase Debt | | Total |
|-----------|----------------------|----------------------|------------------------|---------------------|---------------------------|---------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2012 | \$ 4,290,000 | \$ 1,587,108 | \$ 540,000 | \$ 377,584 | \$ 1,061,606 | \$ 256,130 | \$ 8,112,428 |
| 2013 | 4,000,000 | 1,426,744 | 300,000 | 359,553 | 1,101,900 | 215,836 | 7,404,033 |
| 2014 | 4,150,000 | 1,268,075 | 320,000 | 340,109 | 1,143,724 | 174,013 | 7,395,921 |
| 2015 | 2,510,000 | 1,110,625 | 325,000 | 319,599 | 1,187,134 | 130,602 | 5,582,960 |
| 2016 | 2,630,000 | 998,725 | 355,000 | 297,824 | 1,232,192 | 85,543 | 5,599,284 |
| 2017-2021 | 11,605,000 | 3,488,772 | 2,415,000 | 1,070,169 | 1,109,785 | 134,144 | 19,822,870 |
| 2022-2026 | 6,150,000 | 2,054,600 | 1,955,000 | 208,521 | 192,646 | 20,538 | 10,581,305 |
| 2027-2031 | 5,580,000 | 900,225 | | | | | 6,480,225 |
| 2032-2036 | 1,145,000 | 48,663 | | | | | 1,193,663 |
| Total | <u>\$ 42,060,000</u> | <u>\$ 12,883,537</u> | <u>\$ 6,210,000</u> | <u>\$ 2,973,359</u> | <u>\$ 7,028,987</u> | <u>\$ 1,016,806</u> | <u>\$ 72,172,689</u> |

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

During 2005, the County 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.

There are no scheduled principal and interest payments on the TASC 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.

The projected turbo redemption payments are presented in the following table. It is expected that the County will make payments based on this amortization.

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|---------------------|----------------------|----------------------|
| 2015 | \$ 53,421 | \$ 40,285 | \$ 93,706 |
| 2016 | 143,433 | 123,490 | 266,923 |
| 2017-2021 | 783,758 | 965,961 | 1,749,719 |
| 2022-2026 | 986,921 | 2,182,238 | 3,169,159 |
| 2027-2031 | 877,304 | 4,019,228 | 4,896,532 |
| 2032-2036 | 579,040 | 4,599,626 | 5,178,666 |
| 2037-2039 | <u>210,563</u> | <u>2,303,032</u> | <u>2,513,595</u> |
| Expected Total Debt Service | <u>\$ 3,634,440</u> | <u>\$ 14,233,860</u> | <u>\$ 17,868,300</u> |

4. Postemployment Benefits Other than Pensions

a. Tompkins County

In 2008, the County adopted GASB Statement Number 45 "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." In the past, the County reported the cost of retiree health care on a "pay-as-you-go" basis. Based on GASB Number 45 guidelines, an employer with more than 200 participants must complete a full actuarial valuation at least biennially.

The actuarial accrued liability and the annual Other Postemployment Benefits (OPEB) cost for the fiscal year ending December 31, 2011 is based on an actuarial valuation of the County of Tompkins Postretirement Health Care Benefits Program (the Plan) which was performed as of January 1, 2010 for the fiscal year ending December 31, 2010. The Plan is an agent multi-employer defined benefit OPEB plan administered by the County. The Plan provides for continuation of medical and prescription drug insurance benefits for certain retirees and their spouses and can be amended by action of the County subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

The obligations of the Plan members, employers and other entities are established by action of the County pursuant to applicable collective bargaining and employment agreements. The required contribution is based on projected pay-as-you-go financing requirements and varies depending on the applicable agreement. The expected employer contribution of \$1,602,083 represents an actuarially determined estimate of premiums and claims paid on behalf of retirees for the year ended December 31, 2011. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit. The costs of administering the Plan are paid by the County.

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

The following table shows the components of the County's annual OPEB cost for the fiscal year ended December 31, 2011:

| | |
|--|----------------------|
| | <u>2011</u> |
| Normal cost | \$ 5,046,463 |
| Amortization of Unfunded Actuarial Accrued Liability | <u>4,889,996</u> |
| Total Annual Required Contribution | 9,936,459 |
| Interest on net OPEB obligation | 800,945 |
| Adjustment to annual required contribution | <u>(1,155,459)</u> |
| Annual OPEB Cost (Expense) | 9,581,945 |
| Expected employer contribution | <u>(1,602,083)</u> |
| Increase in Net OPEB Obligation | 7,979,862 |
| | |
| Net OPEB Obligation - January 1 | <u>20,023,631</u> |
| | |
| Net OPEB Obligation - December 31 | <u>\$ 28,003,493</u> |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the current year and two preceding years were:

| <u>Fiscal Year Ended</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|------------------------------|-----------------------------|---|--------------------------------|
| 12/31/2011 | \$ 9,581,945 | 16.7% | \$ 28,003,493 |
| 12/31/2010 | 9,136,717 | 15.1% | 20,023,631 |
| 12/31/2009 | 7,380,372 | 15.4% | 12,266,523 |

As of December 31, 2011, the Plan was not funded. The actuarial accrued liability for benefits was \$81,482,313; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$36 million and the ratio of the UAAL to the covered payroll was 226.1%.

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

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

The actuarial valuation performed for the year ended December 31, 2010, the most recent actuarial valuation date, used the projected unit credit actuarial cost method. Under this method, each Participant's projected benefit is calculated at all possible ages based on the Plan provisions as well as the initial data and actuarial assumptions. The actuarial assumptions included an annual healthcare cost trend rate of 9.5% initially; reduced to an ultimate rate of 4.24% after 75 years. This rate includes a 4.0% inflation assumption.

b. Tompkins County Public Library

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

The Library's actuarial evaluation is stated as a subcomponent of the total County liability. The Plan is a single-employer defined benefit Healthcare Plan administered by the County. The Plan provides medical, hospital, drug and Part B Premium Reimbursements to eligible retirees and their spouses. Authority to establish and amend the Plan rests with the County subject to applicable collective bargaining and employment agreements. The Plan does not issue a stand-alone financial report as there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Prescription co-payments and contribution requirements of Plan members and the Library are established and may be amended by the Library subject to applicable collective bargaining and employment agreements. The Library has negotiated collective bargaining agreements which include obligations of Plan members and the Library. Required contribution is based on projected "pay-as-you-go" financing requirements. For the year ended December 31, 2011, the Library's expected contributions were \$112,172 to the Plan for current premiums of 17 retirees. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

The Library's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of thirty years.

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

| | |
|---|------------------|
| Normal cost | \$ 331,032 |
| Amortization of UAAL | 322,953 |
| Total Annual Required Contribution | 653,985 |
| Interest on net OPEB obligation | 56,079 |
| Adjustment to annual required contribution | (80,901) |
| Annual OPEB Cost (Expense) | 629,163 |
| Expected employer contributions | (112,172) |
| Increase in Net OPEB Obligation | 516,991 |
| Net OPEB Obligation - January 1, 2011 | 1,401,984 |
| Net OPEB Obligation - December 31, 2011 | \$ 1,918,975 |

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan and the net OPEB obligation for the current and two preceding years were:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|---------------------|--|------------------------|
| 12/31/2011 | \$ 629,163 | 17.8% | \$ 1,918,975 |
| 12/31/2010 | 599,560 | 13.8% | 1,401,984 |
| 12/31/2009 | 528,841 | 14.5% | 885,003 |

As of December 31, 2011, the Plan was not funded. The actuarial accrued liability for benefits was \$5,381,385. There are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,740,164, and the ratio of the Unfunded Actuarial Accrued Liability (UAAL) to the covered payroll was 309.2%.

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

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

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

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

In the January 1, 2010 actuarial valuation, the projected unit credit actuarial cost method was used. Actuarial assumptions included an annual healthcare cost trend rate of 10% initially reduced by decrements to an ultimate rate of 5% after ten years. The rate included a 4% inflation assumption.

C. Interfund Receivables and Payables

Interfund receivable and payable balances at December 31, 2011 are as follows:

| | <u>Interfund Receivables</u> | <u>Interfund Payables</u> | <u>Interfund Revenue</u> | <u>Interfund Expenditures</u> |
|---|----------------------------------|-------------------------------|------------------------------|-----------------------------------|
| Major Funds: | | | | |
| General Fund | \$ 965,151 | \$ 2,147,228 | \$ | \$ 10,630,981 |
| County Road Fund | 1,254,693 | 564,491 | 4,180,183 | |
| Transportation Fund | 243,886 | 604,850 | | 233,491 |
| Special Grant Fund | 168,850 | 51,767 | 132,594 | |
| Solid Waste Fund | 557,837 | 174,741 | | 1,098,313 |
| Transportation Capital Projects Fund | 155,233 | 491,121 | 653,371 | 615,000 |
| Debt Service Fund | 48,387 | | 6,671,002 | |
| Non-Major Funds | 530,761 | 147,874 | 620,635 | |
| Internal Service Fund | <u>260,474</u> | <u>3,200</u> | <u>320,000</u> | |
| Total | <u>\$ 4,185,272</u> | <u>\$ 4,185,272</u> | <u>\$ 12,577,785</u> | <u>\$ 12,577,785</u> |

D. Deferred Compensation Plan

Employees of the County of Tompkins may elect to participate in the ICMA-RC Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. GASB Statement Number 32, "Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Plans," requires Plan assets to be held by an outside trustee, and are not reported in the County's financial statements.

Note 3 - Joint Ventures

A. 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, 2011

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% |

- Subsidies to meet operational expenses are shared in the ratio of residents in attendance. The County's share of operations for the current year and the two preceding years were: \$2,680,596, \$2,638,047 and \$2,561,211.
- The governing body has established that the County of Tompkins and the County of Cortland will each provide 30% of the operational costs of the College. Subsidies to meet operational expenses are shared in the ratio of resident students in attendance.
- All monies incidental to college operations are received and expended by the College except for those monies relating to Debt Service for which the counties, as sponsors, are responsible. During 1994 the sponsors authorized a Campus Master Plan Improvement Program in the amount of \$8,689,572. The sponsors are responsible for approximately 50% of the cost associated with the Master Plan improvements. Tompkins County is the lead agency in financing 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, 2011, outstanding debt related to the 1994 Master Plan was \$2,238,313 in bonds. Cortland County is responsible for 36% or \$910,567 of the bonds 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 New York State participation in the expansion, with the College required to raise funds over and above the amount of approved by New York State. Under the 2005 Campus Expansion, each County will be responsible for issuing debt to finance the project. At December 31, 2009, the County has contributed \$10,785,537 for the Campus Expansion, consisting of \$3,665,537 from a tobacco securitization, a \$620,000 budget contribution, and \$6,500,000 of bonds and notes. At December 31, 2011, outstanding debt related to the Campus Expansion was \$5,845,488.
- 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, 2011:

| | |
|--|---------------|
| Total Assets | \$ 58,771,247 |
| Total Liabilities and Deferred Revenue | 45,346,088 |
| Joint Venture Equity | 13,425,159 |
| Total Revenues | 44,272,341 |
| Total Expenses | 46,250,708 |

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
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FOR THE YEAR ENDED DECEMBER 31, 2011

B. 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.

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 2011 was \$829,781. Its contribution for 2012 will be \$829,432.
- 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, 2011:

| | |
|----------------------|---------------|
| Total Assets | \$ 20,081,981 |
| Total Liabilities | 5,174,440 |
| Joint Venture Equity | 14,907,541 |
| Total Revenues | 18,436,410 |
| Total Expenses | 14,246,781 |

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 taxpayers in an attempt to reduce their real property value assessments. These lawsuits result from the continuing adjustments to property valuations required to maintain assessments at a uniform level of market value. 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 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, 2011, the County has reserved \$884,207 for unreported claims which is included in net assets in the Internal Service Fund.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

The County is subject to binding arbitration for employee labor contracts of the Tompkins County Deputy Sheriffs. An interest arbitration panel is scheduled during 2012 to review and award compensation for the period March 1, 2008 through February 28, 2010. The County, as a matter of fiscal policy, assigns funds for anticipated settlements. The adopted 2012 budget provided resources for future contracts consistent with settlements of other employee units.

During the year ended December 31, 2011, the New York State Office of Medicaid Inspector General presented to the Tompkins County Mental Health Department a draft audit of Medicaid billings for the period 2004-2007. This draft audit indicated the County was subject to repayment of claims of approximately \$700,000 based upon statistical sampling of case files. The County has vigorously contested the draft audit findings and the statistical sampling methodology employed. It is not possible to estimate the liability, if any, and no liability has been reflected in the accompanying financial statements. The County, as matter of fiscal policy, has assigned funds for anticipated settlements.

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 taxes are administered and collected by the New York 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 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 \$45,188,762 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 \$31,048,271 during 2011. The balance of \$14,140,491 was divided among the City of Ithaca and 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 \$9,473,773 and the City of Ithaca received \$1,668,718. Additionally, the city received direct payments of \$10,008,561 and the villages and towns received another \$2,998,000 which was applied to tax warrants.

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, 2013.

Note 6 - Transactions with Discretely Presented Component Units

The County of Tompkins contributed \$2,442,717 and \$138,938 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 \$487,040 worth of debt service on the building occupied by the Library.

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

Note 7 - Fund Balance Detail

At December 31, 2011, fund balance in the governmental funds was comprised of the following:

| | General Fund | County Road Fund | Transportation Fund | Solid Waste Fund | Special Grant Fund |
|-------------------------------------|----------------------|---------------------|------------------------|---------------------|--------------------------|
| <u>Nonspendable:</u> | | | | | |
| Prepaid expenses | \$ 1,548,613 | \$ 59,143 | \$ 42,712 | \$ 28,342 | \$ 14,090 |
| Total Nonspendable Fund Balance | <u>\$ 1,548,613</u> | <u>\$ 59,143</u> | <u>\$ 42,712</u> | <u>\$ 28,342</u> | <u>\$ 14,090</u> |
| <u>Restricted:</u> | | | | | |
| Economic assistance and opportunity | \$ 168,079 | | | | \$ 828,372 |
| Public safety | 386,894 | | | | |
| Repairs and replacements | | | | 400,000 | |
| Total Restricted Fund Balance | <u>\$ 554,973</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 400,000</u> | <u>\$ 828,372</u> |
| <u>Committed:</u> | | | | | |
| Health Insurance | \$ 500,000 | | | | |
| | <u>\$ 500,000</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> |
| <u>Assigned:</u> | | | | | |
| Appropriated for next year's budget | \$ 1,207,736 | | | \$ 424,593 | |
| Encumbered for: | | | | | |
| General government | 51,862 | | | | |
| Public safety | 399,050 | | | | |
| Public health | 121,359 | | | | |
| Transportation | 10,000 | 107,767 | 15,580 | | |
| Economic assistance and opportunity | 443,491 | | | | |
| Culture and recreation | 47,558 | | | | |
| Education | 22,734 | | | | |
| Home and community services | | | | 168,950 | |
| Assigned for: | | | | | |
| General government | 73,349 | | | | |
| Public safety | 92,835 | | | | |
| Public health | 450,744 | | | | |
| Transportation | | 2,544,620 | 88,384 | | |
| Economic assistance and opportunity | 475,848 | | | | |
| Culture and recreation | 42,820 | | | | |
| Home and community services | 129,558 | | | 1,294,903 | |
| Repairs and replacements | 26,323 | | | | |
| Medicaid audit | 500,000 | | | | |
| Public safety | 1,000,000 | | | | |
| | <u>\$ 5,095,267</u> | <u>\$ 2,652,387</u> | <u>\$ 103,964</u> | <u>\$ 1,888,446</u> | <u>\$ -0-</u> |
| <u>Unassigned:</u> | | | | | |
| Unassigned fund balance | \$ 15,724,020 | | | | |
| Total Unassigned Fund Balance | <u>\$ 15,724,020</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> |

COUNTY OF TOMPKINS
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2011

| | Capital Projects - Transportation Fund | Capital Projects - Public Health Fund | Debt Service Fund | Non-Major Funds |
|--|---|--|----------------------|---------------------|
| <u>Nonspendable:</u> | | | | |
| Prepaid expenses | \$ | \$ | \$ | \$ 12,560 |
| Total Nonspendable Fund Balance | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 12,560</u> |
| <u>Restricted:</u> | | | | |
| Capital projects - Unspent debt proceeds | \$ | \$ | \$ | \$ 1,666,802 |
| Debt Service | | | 1,906,192 | 1,321,553 |
| Total Restricted Fund Balance | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 1,906,192</u> | <u>\$ 2,988,355</u> |
| <u>Committed:</u> | | | | |
| Capital projects | \$ 1,219,498 | \$ 448,788 | \$ | \$ 3,311,992 |
| | <u>\$ 1,219,498</u> | <u>\$ 448,788</u> | <u>\$ -0-</u> | <u>\$ 3,311,992</u> |
| <u>Assigned - Appropriated for next year's budget:</u> | | | | |
| Encumbered for transportation | \$ | \$ | \$ | \$ 79,237 |
| Assigned for transportation | | | | 1,147,328 |
| | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>1,226,565</u> |
| <u>Unassigned:</u> | | | | |
| Unassigned fund balance | \$ | \$ | \$ | \$ |
| Total Unassigned Fund Balance | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> |

Of the \$14,997,530 reported as unrestricted net assets of the Governmental Activities in the Government-wide Statement of Net Assets, the County has designated funds to be set aside for certain purposes or contingencies, as follows:

| | |
|---|------------------------|
| Unrestricted Net Assets | \$ 14,997,530 |
| Designated for: | |
| Ensuing year's budget | 1,632,329 |
| Carry-over of prior year's commitments (encumbrances) | 1,467,588 |
| Prepaid expenses | 1,705,460 |
| Health insurance | 500,000 |
| Medicaid audit | 500,000 |
| Capital projects | 4,980,278 |
| Repairs and replacements | 26,323 |
| Self Insurance | 1,699,576 |
| Equity interest in joint venture, net of related debt | 14,098,288 |
| General government | 73,349 |
| Public safety | 1,092,835 |
| Public health | 450,744 |
| Transportation | 3,745,102 |
| Economic assistance and opportunity | 475,848 |
| Culture and recreation | 42,820 |
| Home and community services | 1,424,461 |
| Total Designated Net Assets | <u>33,915,001</u> |
| Unrestricted, Undesignated Net (Deficit) | <u>\$ (18,917,471)</u> |

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2011

| | Original Budget | Final Budget |
|---|---------------------|---------------------|
| <u>REVENUES</u> | | |
| Real property taxes | \$ 37,602,519 | \$ 37,602,519 |
| Real property tax items | 2,250,675 | 2,237,675 |
| Nonproperty tax items | 36,123,020 | 47,212,806 |
| Departmental income | 10,381,028 | 11,434,835 |
| Intergovernmental charges | 88,815 | 212,288 |
| Use of money and property | 425,000 | 425,000 |
| Licenses and permits | 2,500 | 2,500 |
| Fines and forfeitures | 283,996 | 304,267 |
| Sale of property and compensation for loss | 633,300 | 754,356 |
| Miscellaneous local sources | 1,714,104 | 1,560,369 |
| Interfund revenues | 691,179 | 692,460 |
| State sources | 23,510,836 | 27,189,831 |
| Federal sources | 16,986,469 | 19,796,796 |
| Total Revenues | <u>130,693,441</u> | <u>149,425,702</u> |
| <u>EXPENDITURES</u> | | |
| Current: | | |
| General governmental support | 16,219,341 | 26,344,279 |
| Education | 8,986,041 | 10,483,041 |
| Public safety | 15,429,855 | 16,487,772 |
| Health | 18,917,405 | 18,632,459 |
| Transportation | 5,036,370 | 8,718,119 |
| Economic assistance and opportunity | 51,175,386 | 53,758,053 |
| Culture and recreation | 4,397,611 | 4,393,501 |
| Home and community services | 2,109,947 | 2,190,500 |
| Employee benefits | 300,487 | 551,867 |
| Total Expenditures | <u>122,572,443</u> | <u>141,559,591</u> |
| Excess of Revenues | <u>8,120,998</u> | <u>7,866,111</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | |
| Interfund transfers (out) | (10,165,783) | (10,877,441) |
| Total Other Financing Sources (Uses) | <u>(10,165,783)</u> | <u>(10,877,441)</u> |
| Excess of (Expenditures) Revenues and Other Financing Sources (Uses) | <u>(2,044,785)</u> | <u>(3,011,330)</u> |
| Appropriated Fund Balance | <u>2,044,785</u> | <u>3,011,330</u> |
| Net Increase | <u>\$ -0-</u> | <u>\$ -0-</u> |
| Fund Balance, Beginning of Year | | |
| Fund Balance, End of Year | | |

See Independent Auditor's Report

| <u>Actual</u> | <u>Encumbrances</u> | <u>Variance Favorable (Unfavorable)</u> |
|---------------|---------------------|---|
| \$ 37,585,922 | \$ | \$ (16,597) |
| 2,473,150 | | 235,475 |
| 48,450,766 | | 1,237,960 |
| 10,864,817 | | (570,018) |
| 494,562 | | 282,274 |
| 539,088 | | 114,088 |
| 3,196 | | 696 |
| 207,952 | | (96,315) |
| 613,730 | | (140,626) |
| 1,046,057 | | (514,312) |
| 456,381 | | (236,079) |
| 23,527,472 | | (3,662,359) |
| 18,287,856 | | (1,508,940) |
| 144,550,949 | -0- | (4,874,753) |
| 25,487,978 | 51,862 | 804,439 |
| 9,109,220 | 22,734 | 1,351,087 |
| 15,554,991 | 399,050 | 533,731 |
| 16,702,420 | 121,359 | 1,808,680 |
| 8,372,305 | 10,000 | 335,814 |
| 49,983,191 | 443,491 | 3,331,371 |
| 4,316,421 | 47,558 | 29,522 |
| 1,458,820 | | 731,680 |
| 390,075 | | 161,792 |
| 131,375,421 | 1,096,054 | 9,088,116 |
| 13,175,528 | (1,096,054) | 4,213,363 |
| (10,630,981) | | 246,460 |
| (10,630,981) | -0- | 246,460 |
| 2,544,547 | \$ (1,096,054) | \$ 4,459,823 |
| 2,544,547 | | |
| 20,878,326 | | |
| \$ 23,422,873 | | |

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 COUNTY ROAD FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

| | <u>Original Budget</u> | <u>Final Budget</u> |
|---|----------------------------|-------------------------|
| <u>REVENUES</u> | | |
| Use of money and property | \$ | \$ |
| Licenses and permits | <u>4,000</u> | <u>4,000</u> |
| Sale of property and compensation for loss | <u>3,500</u> | <u>4,690</u> |
| Miscellaneous local sources | | <u>25,000</u> |
| Interfund revenues | <u>4,208,788</u> | |
| State sources | <u>1,683,647</u> | <u>1,683,647</u> |
| Federal sources | | <u>672,000</u> |
| Total Revenues | <u>5,899,935</u> | <u>2,389,337</u> |
| <u>EXPENDITURES</u> | | |
| Current: | | |
| Public safety | <u>224,755</u> | <u>227,183</u> |
| Transportation | <u>4,994,693</u> | <u>5,962,936</u> |
| Employee benefits | <u>751,882</u> | <u>786,516</u> |
| Total Expenditures | <u>5,971,330</u> | <u>6,976,635</u> |
| Excess of (Expenditures) | <u>(71,395)</u> | <u>(4,587,298)</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | |
| Interfund transfers in | | <u>4,220,648</u> |
| Total Other Financing Sources (Uses) | <u>-0-</u> | <u>4,220,648</u> |
| Excess of (Expenditures) Revenues and Other Financing Sources (Uses) | <u>(71,395)</u> | <u>(366,650)</u> |
| Appropriated Fund Balance | <u>71,395</u> | <u>366,650</u> |
| Net (Decrease) | <u>\$ -0-</u> | <u>\$ -0-</u> |
| Fund Balance, Beginning of Year | | |
| Fund Balance, End of Year | | |

See Independent Auditor's Report

| <u>Actual</u> | <u>Encumbrances</u> | <u>Variance Favorable (Unfavorable)</u> |
|---------------|---------------------|---|
| \$ 2,124 | \$ | \$ 2,124 |
| 6,125 | | 2,125 |
| 12,656 | | 7,966 |
| 31,850 | | 6,850 |
| | | -0- |
| 1,705,543 | | 21,896 |
| 702,571 | | 30,571 |
| 2,460,869 | -0- | 71,532 |
| 193,421 | | 33,762 |
| 5,720,194 | 107,767 | 134,975 |
| 786,516 | | -0- |
| 6,700,131 | 107,767 | 168,737 |
| (4,239,262) | (107,767) | 240,269 |
| 4,180,183 | | (40,465) |
| 4,180,183 | -0- | (40,465) |
| (59,079) | \$ (107,767) | \$ 199,804 |
| -0- | | |
| (59,079) | | |
| 2,770,609 | | |
| \$ 2,711,530 | | |

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 TRANSPORTATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

| | Original Budget | Final Budget |
|---|--------------------|-----------------|
| <u>REVENUES</u> | | |
| Departmental income | \$ 1,362,597 | \$ 1,362,597 |
| Intergovernmental charges | 151,490 | 160,956 |
| Use of money and property | 1,189,114 | 1,189,114 |
| Sale of property and compensation for loss | 33,967 | 24,501 |
| Miscellaneous local sources | 5,056 | 5,056 |
| Federal sources | | |
| Total Revenues | 2,742,224 | 2,742,224 |
| <u>EXPENDITURES</u> | | |
| Current: | | |
| Transportation | 2,267,740 | 2,302,661 |
| Employee benefits | 369,993 | 369,993 |
| Total Expenditures | 2,637,733 | 2,672,654 |
| Excess of Revenues | 104,491 | 69,570 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | |
| Interfund transfers (out) | (233,491) | (233,491) |
| Total Other Financing Sources (Uses) | (233,491) | (233,491) |
| Excess of (Expenditures) Revenues and Other Financing Sources (Uses) | (129,000) | (163,921) |
| Appropriated Fund Balance | 129,000 | 163,921 |
| Net Decrease | \$ -0- | \$ -0- |
| Fund Balance, Beginning of Year | | |
| Fund Balance, End of Year | | |

See Independent Auditor's Report

| <u>Actual</u> | <u>Encumbrances</u> | <u>Variance Favorable (Unfavorable)</u> |
|---------------|---------------------|---|
| \$ 1,329,078 | \$ _____ | \$ (33,519) |
| 149,998 | _____ | (10,958) |
| 1,186,680 | _____ | (2,434) |
| 28,177 | _____ | 3,676 |
| 10,177 | _____ | 5,121 |
| _____ | _____ | -0- |
| 2,704,110 | -0- | (38,114) |
| _____ | _____ | _____ |
| 2,207,140 | 15,580 | 79,941 |
| 369,993 | _____ | -0- |
| 2,577,133 | 15,580 | 79,941 |
| _____ | _____ | _____ |
| 126,977 | (15,580) | 41,827 |
| _____ | _____ | _____ |
| (233,491) | _____ | -0- |
| (233,491) | -0- | -0- |
| _____ | _____ | _____ |
| (106,514) | \$ (15,580) | \$ 41,827 |
| _____ | _____ | _____ |
| -0- | _____ | _____ |
| (106,514) | _____ | _____ |
| _____ | _____ | _____ |
| 253,190 | _____ | _____ |
| \$ 146,676 | _____ | _____ |

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 SOLID WASTE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

| | <u>Original Budget</u> | <u>Final Budget</u> |
|---|----------------------------|-------------------------|
| <u>REVENUES</u> | | |
| Departmental income | \$ 5,640,226 | \$ 5,640,226 |
| Use of money and property | 10,000 | 10,000 |
| Licenses and permits | 42,760 | 42,760 |
| Fines and forfeitures | 1,100 | 1,100 |
| Sale of property and compensation for loss | 2,500 | 2,500 |
| Miscellaneous local sources | 2,325 | 55,991 |
| State sources | 322,094 | 226,596 |
| Federal sources | | 95,498 |
| Total Revenues | 6,021,005 | 6,074,671 |
| <u>EXPENDITURES</u> | | |
| Current: | | |
| Home and community services | 4,868,689 | 5,322,355 |
| Employee benefits | 350,991 | 350,991 |
| Total Expenditures | 5,219,680 | 5,673,346 |
| Excess of Revenues | 801,325 | 401,325 |
| <u>OTHER FINANCING SOURCES (USES)</u> | | |
| Interfund transfers (out) | (1,098,313) | (1,098,313) |
| Total Other Financing Sources (Uses) | (1,098,313) | (1,098,313) |
| Excess of (Expenditures) Revenues and Other Financing Sources (Uses) | (296,988) | (696,988) |
| Appropriated Fund Balance | 296,988 | 696,988 |
| Net Increase | \$ -0- | \$ -0- |
| Fund Balance, Beginning of Year | | |
| Fund Balance, End of Year | | |

See Independent Auditor's Report

| Actual | Encumbrances | Variance Favorable (Unfavorable) |
|--------------|--------------|--|
| \$ 4,841,979 | \$ | \$ (798,247) |
| 915 | | (9,085) |
| | | (42,760) |
| | | (1,100) |
| 1,146,454 | | 1,143,954 |
| 5,653 | | (50,338) |
| 368,447 | | 141,851 |
| 48,104 | | (47,394) |
| 6,411,552 | -0- | 336,881 |
| | | |
| 4,180,452 | 168,950 | 972,953 |
| 345,017 | | 5,974 |
| 4,525,469 | 168,950 | 978,927 |
| | | |
| 1,886,083 | (168,950) | 1,315,808 |
| | | |
| (1,098,313) | | -0- |
| (1,098,313) | -0- | -0- |
| | | |
| 787,770 | \$ (168,950) | \$ 1,315,808 |
| | | |
| 787,770 | | |
| | | |
| 1,529,018 | | |
| | | |
| \$ 2,316,788 | | |

COUNTY OF TOMPKINS
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP)
 SPECIAL GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

| | Original Budget | Final Budget |
|---|--------------------|-----------------|
| <u>REVENUES</u> | | |
| Departmental income | \$ | \$ 551,808 |
| Miscellaneous local sources | 30,000 | 30,000 |
| State sources | | 194,852 |
| Federal sources | 922,431 | 1,389,236 |
| Total Revenues | 952,431 | 2,165,896 |
| <u>EXPENDITURES</u> | | |
| Current: | | |
| Economic Assistance and Opportunity | 1,085,025 | 1,365,288 |
| Home and Community Services | | 933,202 |
| Employee benefits | | |
| Total Expenditures | 1,085,025 | 2,298,490 |
| Excess of (Expenditures) | (132,594) | (132,594) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | |
| Interfund transfers in | 132,594 | 132,594 |
| Total Other Financing Sources (Uses) | 132,594 | 132,594 |
| Excess of (Expenditures) Revenues and Other Financing Sources (Uses) | -0- | -0- |
| Appropriated Fund Balance | | |
| Net Increase | \$ -0- | \$ -0- |
| Fund Balance, Beginning of Year | | |
| Fund Balance, End of Year | | |

See Independent Auditor's Report

| <u>Actual</u> | <u>Encumbrances</u> | <u>Variance Favorable (Unfavorable)</u> |
|---------------|---------------------|---|
| \$ 410,374 | \$ | \$ (141,434) |
| 200,911 | | 170,911 |
| 193,777 | | (1,075) |
| 1,331,526 | | (57,710) |
| 2,136,588 | -0- | (29,308) |
| 1,281,533 | | 83,755 |
| 932,651 | | 551 |
| | | -0- |
| 2,214,184 | -0- | 84,306 |
| (77,596) | -0- | 54,998 |
| 132,594 | | -0- |
| 132,594 | -0- | -0- |
| 54,998 | \$ -0- | \$ 54,998 |
| 54,998 | | |
| 787,464 | | |
| \$ 842,462 | | |

COUNTY OF TOMPKINS
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED DECEMBER 31, 2011

| | Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) - Entry Age | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|-----------------------------------|--------------------------------|---------------------------------|--|---------------------------|-----------------|--------------------|--|
| County of Tompkins | 12/31/2011 | \$ -0- | \$ 81,482,313 | \$ 81,482,313 | 0.0% | \$ 36,040,953 | 226.1% |
| | 12/31/2010 | \$ -0- | \$ 75,009,186 | \$ 75,009,186 | 0.0% | \$ 38,020,577 | 197.3% |
| | 12/31/2009 | \$ -0- | \$ 59,022,702 | \$ 59,022,702 | 0.0% | \$ 38,195,389 | 154.5% |
| Tompkins County Public Library | 12/31/2011 | \$ -0- | \$ 5,381,385 | \$ 5,381,385 | 0.0% | \$ 1,740,164 | 309.2% |
| | 12/31/2010 | \$ -0- | \$ 4,947,753 | \$ 4,947,753 | 0.0% | \$ 1,766,247 | 280.1% |
| | 12/31/2009 | \$ -0- | \$ 4,078,023 | \$ 4,078,023 | 0.0% | \$ 1,817,937 | 224.3% |

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

COUNTY OF TOMPKINS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2011

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 Budget Basis to GAAP

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

Note 3 - Schedule of Funding Progress

The Schedule of Funding Progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of the Plan's assets are increasing or decreasing over time relative to the actuarial liabilities for benefits.

COUNTY OF TOMPKINS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2011

| | Special Revenue Fund Road Machinery Fund | Capital Projects Funds TCAT Fund | General Government Fund |
|---|---|--|-------------------------------|
| <u>ASSETS</u> | | | |
| Assets: | | | |
| Cash and cash equivalents - Unrestricted | \$ 782,532 | \$ 322,368 | \$ 1,471,728 |
| - Restricted | | | 1,666,802 |
| Temporary investments - Restricted | | | |
| Due from other funds | 512,369 | 18,375 | |
| Due from state and federal governments | | | |
| Other receivables, net | | | |
| Prepaid expenses | 8,991 | | |
| Total Assets | \$ 1,303,892 | \$ 340,743 | \$ 3,138,530 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | |
| Liabilities: | | | |
| Accounts payable | \$ 52,437 | \$ | \$ 24,043 |
| Accrued liabilities | 4,381 | | |
| Due to other funds | 11,518 | | 136,356 |
| Retained percentages | | | 6,574 |
| Total Liabilities | 68,336 | -0- | 166,973 |
| Fund Balances: | | | |
| Nonspendable | 8,991 | | |
| Restricted | | | 1,666,802 |
| Committed | | 340,743 | 1,304,755 |
| Assigned | 1,226,565 | | |
| Total Fund Balances | 1,235,556 | 340,743 | 2,971,557 |
| Total Liabilities and Fund Balances | \$ 1,303,892 | \$ 340,743 | \$ 3,138,530 |

See Independent Auditor's Report

| Capital Projects Funds | | | Debt Service Fund | Total Non-Major Governmental Funds |
|----------------------------------|--------------------|-------------------|---------------------|------------------------------------|
| Home and Community Services Fund | Public Safety Fund | Education Fund | TTASC Fund | |
| \$ 772,952 | \$ 294,541 | \$ 476,680 | \$ | \$ 4,120,801 |
| | | | 96,769 | 1,763,571 |
| | | | 649,784 | 649,784 |
| | 17 | | | 530,761 |
| | 204,703 | | | 204,703 |
| | | | 575,000 | 575,000 |
| | | | 3,569 | 12,560 |
| <u>\$ 772,952</u> | <u>\$ 499,261</u> | <u>\$ 476,680</u> | <u>\$ 1,325,122</u> | <u>\$ 7,857,180</u> |
| \$ 16,866 | \$ | \$ | \$ | \$ 93,346 |
| | | | | 4,381 |
| | | | | 147,874 |
| 65,533 | | | | 72,107 |
| 82,399 | -0- | -0- | -0- | 317,708 |
| | | | 3,569 | 12,560 |
| | | | 1,321,553 | 2,988,355 |
| 690,553 | 499,261 | 476,680 | | 3,311,992 |
| | | | | 1,226,565 |
| 690,553 | 499,261 | 476,680 | 1,325,122 | 7,539,472 |
| <u>\$ 772,952</u> | <u>\$ 499,261</u> | <u>\$ 476,680</u> | <u>\$ 1,325,122</u> | <u>\$ 7,857,180</u> |

COUNTY OF TOMPKINS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

| | Special Revenue Fund | Capital Projects Funds | |
|---|----------------------------|------------------------|-------------------------------|
| | Road Machinery Fund | TCAT Fund | General Government Fund |
| <u>REVENUES</u> | | | |
| Use of money and property | \$ 597 | \$ 790 | \$ 8,322 |
| Sale of property and compensation for loss | 193,859 | | |
| Miscellaneous local sources | | 18,375 | |
| Interfund revenues | 1,188,396 | | |
| Federal sources | | 5,690,089 | |
| Total Revenues | 1,382,852 | 5,709,254 | 8,322 |
| <u>EXPENDITURES</u> | | | |
| General governmental support | | | |
| Transportation | 1,046,858 | | |
| Employee benefits | 109,533 | | |
| Debt service (principal and interest) | | | |
| Capital outlay | | 5,690,090 | 1,250,645 |
| Total Expenditures | 1,156,391 | 5,690,090 | 1,250,645 |
| Excess of Revenues (Expenditures) | 226,461 | 19,164 | (1,242,323) |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | |
| Interfund transfers in | | 29,910 | 552,000 |
| Proceeds of obligations | | | 1,298,000 |
| Total Other Financing Sources (Uses) | -0- | 29,910 | 1,850,000 |
| Excess of (Expenditures) Revenues and Other Financing Sources (Uses) | 226,461 | 49,074 | 607,677 |
| Fund Balances, Beginning of Year | 1,009,095 | 291,669 | 2,363,880 |
| Fund Balances, End of Year | \$ 1,235,556 | \$ 340,743 | \$ 2,971,557 |

See Independent Auditor's Report

| Capital Projects Funds | | | Debt Service Fund | Total Non-Major Governmental Funds |
|----------------------------------|--------------------|----------------|-------------------|------------------------------------|
| Home and Community Services Fund | Public Safety Fund | Education Fund | TTASC Fund | |
| \$ 2,991 | \$ 457 | \$ 1,644 | \$ 258 | \$ 15,059 |
| | | | | 193,859 |
| | 496,608 | | 542,928 | 1,057,911 |
| | | | | 1,188,396 |
| | 204,703 | | | 5,894,792 |
| 2,991 | 701,768 | 1,644 | 543,186 | 8,350,017 |
| | | | 39,960 | 39,960 |
| | | | | 1,046,858 |
| | | | | 109,533 |
| | | | 531,028 | 531,028 |
| 3,033,417 | 195,378 | | | 10,169,530 |
| 3,033,417 | 195,378 | -0- | 570,988 | 11,896,909 |
| (3,030,426) | 506,390 | 1,644 | (27,802) | (3,546,892) |
| | | | | 620,635 |
| 38,725 | | | | 3,798,000 |
| 2,500,000 | | | | 4,418,635 |
| 2,538,725 | -0- | -0- | -0- | |
| (491,701) | 506,390 | 1,644 | (27,802) | 871,743 |
| 1,182,254 | (7,129) | 475,036 | 1,352,924 | 6,667,729 |
| \$ 690,553 | \$ 499,261 | \$ 476,680 | \$ 1,325,122 | \$ 7,539,472 |

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Duane R. Shoen, C.P.A.
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

County Legislature
County of Tompkins
Ithaca, New York

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tompkins (the County), as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 26, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's 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 the County, in a separate letter dated October 26, 2012.

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.

A handwritten signature in cursive script that reads "Lisa Dietershagen, Little, Minkler & Company, LLP". The signature is written in black ink and is positioned above the date and location text.

October 26, 2012
Ithaca, New York

John H. Dietershagen, C.P.A.
Jerry E. Mickelson, C.P.A.
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Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON 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 (the County), 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, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County'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*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County'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 the County'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, 2011.

Internal Control Over Compliance

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's 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

- 56 -

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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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. However, we consider the finding identified as 11-01 in the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency.

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.

A handwritten signature in black ink that reads "Lisa Dietershagen, Little, Ninkler & Company, LLP". The signature is written in a cursive style.

October 26, 2012
Ithaca, New York

COUNTY OF TOMPKINS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal Catalog # | Pass-Through Grantor # | Expenditures |
|--|----------------------|---------------------------|------------------|
| <u>U.S. Department of Agriculture</u> | | | |
| Direct Program: | | | |
| Solid Waste Management Grants | 10.762 | N/A | \$ 31,536 |
| Passed Through NYS Department of Agriculture: | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | (1) | 2,282 |
| National School Lunch Program | 10.555 | (1) | 3,543 |
| Total Child Nutrition Cluster | | | <u>5,825</u> |
| Passed Through NYS Health Department: | | | |
| Special Supplemental Nutrition Program for Women, Infants and Children - Administration | 10.557 | C025804 | 397,063 |
| Special Supplemental Nutrition Program for Women, Infants and Children - Food Instruments | 10.557 | (1) | 825,479 |
| Total Special Supplemental Nutrition Program for Women, Infants and Children | | | <u>1,222,542</u> |
| Passed Through NYS Department of Social Services: | | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | (1) | 1,617,894 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | <u>2,877,797</u> |
| <u>U.S. Department of Commerce</u> | | | |
| Passed Through NYS Office of Homeland Security and Emergency Services: | | | |
| Public Safety Interoperable Communications Grant Program | 11.555 | C836275 | 54,571 |
| TOTAL U.S. DEPARTMENT OF COMMERCE | | | <u>54,571</u> |
| <u>U.S. Department of Housing and Urban Development</u> | | | |
| Program Income: | | | |
| Community Development Block Grants - State's Program | 14.228 | (1) | 52,668 |
| Passed Through NYS Homes and Community Renewal: | | | |
| Community Development Block Grants - State's Program | 14.228 | (1) | 382,282 |
| Passed Through NYS Department of Social Services: | | | |
| Homelessness Prevention and Rapid Re-Housing Program - ARRA | 14.257 | C020902 | 543,612 |
| TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | <u>978,562</u> |
| <u>U.S. Department of Justice</u> | | | |
| Passed Through NYS Division of Criminal Justice Services: | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | T632287 | 5,730 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | T632443 | 13,100 |
| Byrne Justice Assistance Grant - ARRA | 16.803 | T637074 | 12,344 |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | <u>31,174</u> |
| <u>U.S. Department of Labor</u> | | | |
| Passed Through NYS Office for the Aging: | | | |
| Senior Community Service Employment Program | 17.235 | (1) | 31,019 |
| Passed Through NYS Department of Labor: | | | |
| Employment Service/Wagner-Peyser Funded Activities - ARRA | 17.207 | (1) | 74,592 |
| Trade Adjustment Assistance Workers | 17.245 | (1) | 125,408 |
| WIA Cluster: | | | |
| WIA Adult Program | 17.258 | (1) | 108,682 |
| WIA Adult Program - ARRA | 17.258 | (1) | 13,291 |
| WIA Youth Activities | 17.259 | (1) | 402,834 |
| WIA Youth Activities - ARRA | 17.259 | (1) | 44,408 |
| WIA Dislocated Workers | 17.260 | (1) | 140,407 |
| WIA Dislocated Workers - ARRA | 17.260 | (1) | 14,669 |
| Total WIA Cluster | | | <u>724,291</u> |
| Passed Through National Retail Federation: | | | |
| Work Incentives Program | 17.266 | (1) | 8,493 |
| TOTAL U.S. DEPARTMENT OF LABOR | | | <u>963,803</u> |
| Subtotal Expenditures of Federal Awards | | | <u>4,905,907</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, 2011

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal Catalog # | Pass-Through Grantor # | Expenditures |
|--|----------------------|---------------------------|---------------------|
| Subtotal Expenditures of Federal Awards Brought Forward | | | \$ <u>4,905,907</u> |
| <u>U.S. Department of Transportation</u> | | | |
| Direct Programs: | | | |
| Airport Improvement Program | 20.106 | N/A | 1,199,022 |
| Federal Transit Cluster: | | | |
| Federal Transit - Capital Investment Grants | 20.500 | N/A | 1,960,000 |
| Formula Transit - Formula Grants | 20.507 | N/A | 1,848,201 |
| Formula Transit - Formula Grants - ARRA | 20.507 | N/A | <u>3,049,301</u> |
| Total Federal Transit Cluster | | | 6,857,502 |
| Passed Through NYS Department of Transportation: | | | |
| Highway Planning and Construction | 20.205 | D022373 | 267,062 |
| Highway Planning and Construction | 20.205 | D022376 | 859,213 |
| Highway Planning and Construction - ARRA | 20.205 | D022377 | 580,064 |
| Highway Planning and Construction | 20.205 | D031531 | 40,983 |
| Highway Planning and Construction | 20.205 | D032045 | 626,364 |
| Highway Planning and Construction | 20.205 | D032212 | 44,345 |
| Highway Planning and Construction | 20.205 | D033680 | <u>3,274</u> |
| Total Highway Planning and Construction | | | 2,421,305 |
| Federal Transit - Metropolitan Planning Grants | 20.505 | C0003719 | 325,587 |
| Passed Through NYS Governor's Traffic Safety Committee: | | | |
| Highway Safety Cluster: | | | |
| State and Community Highway Safety | 20.600 | SO-00107 | 14,080 |
| Occupant Protection Incentive Grants | 20.602 | SO-00076 | <u>8,500</u> |
| Total Highway Safety Cluster | | | 22,580 |
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION | | | <u>10,825,996</u> |
| <u>Environmental Protection Agency</u> | | | |
| Direct: | | | |
| Climate Showcase Communities Grant Program | 66.041 | N/A | 56,480 |
| Solid Waste Management Assistance Grants | 66.808 | N/A | 16,568 |
| Passed Through NYS Health Department: | | | |
| State Indoor Radon Grants | 66.032 | T027075 | 4,954 |
| State Public Water System Supervision | 66.432 | C024920 | 111,870 |
| State Public Water System Supervision | 66.432 | C026489 | <u>45,758</u> |
| TOTAL ENVIRONMENTAL PROTECTION AGENCY | | | <u>235,630</u> |
| <u>U.S. Department of Education</u> | | | |
| Passed through NYS Department of Health: | | | |
| Special Education - Grants for Infants and Families with Disabilities | 84.181 | C021827 | 53,666 |
| Special Education - Grants for Infants and Families with Disabilities - ARRA | 84.393 | T025250 | <u>10,742</u> |
| TOTAL U.S. DEPARTMENT OF EDUCATION | | | <u>64,408</u> |
| Subtotal Expenditures of Federal Awards | | | <u>16,031,941</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, 2011

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal Catalog # | Pass-Through Grantor # | Expenditures |
|---|----------------------|---------------------------|---------------|
| Subtotal Expenditures of Federal Awards Brought Forward | | | \$ 16,031,941 |
| <u>U.S. Department of Health and Human Services</u> | | | |
| Direct: | | | |
| Drug-Free Communities Support Program Grants | 93.276 | N/A | 125,000 |
| Passed Through NYS Office for the Aging: | | | |
| Title VII, Chapter 2 - Long-term Care Ombudsman Services for Older Individuals | 93.042 | (1) | 10,592 |
| Title III-D, Disease Prevention and Health Promotion Services | 93.043 | (1) | 3,863 |
| Aging Cluster: | | | |
| Title III-B, Grants for Supportive Services and Senior Centers | 93.044 | (1) | 64,984 |
| Title III-C, Nutrition Services | 93.045 | (1) | 121,344 |
| Nutrition Services Incentive Program | 93.053 | (1) | 120,612 |
| Total Aging Cluster | | | 306,940 |
| Title IV and Title II - Discretionary Projects | 93.048 | (1) | 66,277 |
| Title III-E, National Family Caregiver Support | 93.052 | (1) | 29,532 |
| Low-Income Home Energy Assistance | 93.568 | (1) | 27,051 |
| Medicare Enrollment Assistance Program | 93.071 | (1) | 13,340 |
| Centers for Medicare and Medical Services Research, Demonstrations and Evaluations | 93.779 | (1) | 23,189 |
| Passed Through NYS Health Department: | | | |
| Immunization Cluster: | | | |
| Immunization Grants | 93.268 | C023276 | 49,451 |
| Immunization Grants - ARRA | 93.712 | T027730 | 2,600 |
| Total Immunization Cluster | | | 52,051 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | C024648 | 23,365 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | C026542 | 11,696 |
| Maternal and Child Health Services Block Grant to the States | 93.994 | C021667 | 21,273 |
| Total Maternal and Child Health Services Block Grant to the States | | | 56,334 |
| Passed Through Health Research, Inc.: | | | |
| Public Health Emergency Preparedness | 93.069 | HRI-1626-08 | 44,547 |
| Public Health Emergency Preparedness | 93.069 | HRI-1626-09 | 29,638 |
| Total Public Health Emergency Preparedness | | | 74,185 |
| Passed Through NYS Mental Health Department: | | | |
| Projects for Assistance in Transition from Homelessness | 93.150 | (1) | 35,526 |
| Passed Through NYS Department of Social Services: | | | |
| TANF Cluster: | | | |
| Temporary Assistance to Needy Families | 93.558 | (1) | 7,761,671 |
| Emergency Contingency Fund for TANF State Program - ARRA | 93.714 | (1) | 60,869 |
| Total TANF Cluster | | | 7,822,540 |
| Child Support Enforcement | 93.563 | (1) | 353,585 |
| Child Support Enforcement - ARRA | 93.563 | (1) | 21,558 |
| Total Child Support Enforcement | | | 375,143 |
| Low-Income Home Energy Assistance | 93.568 | (1) | 2,323,597 |
| CCDF Cluster: | | | |
| Child Care and Development Block Grant | 93.575 | (1) | 1,971,133 |
| Child Care and Development Block Grant - ARRA | 93.713 | (1) | 386,576 |
| Total CCDF Cluster | | | 2,357,709 |
| Foster Care - Title IV-E | 93.658 | (1) | 1,592,936 |
| Foster Care - Title IV-E - ARRA | 93.658 | (1) | 53,465 |
| Total Foster Care - Title IV-E | | | 1,646,401 |
| Adoption Assistance | 93.659 | (1) | 1,101,143 |
| Adoption Assistance - ARRA | 93.659 | (1) | 113,284 |
| Total Adoption Assistance | | | 1,214,427 |
| Social Services Block Grant | 93.667 | (1) | 1,570,000 |
| Chafee Foster Care Independence Program | 93.674 | (1) | 78,853 |
| Medical Assistance Program | 93.778 | (1) | 1,696,953 |
| Subtotal U.S. Department of Health and Human Services | | | 19,909,503 |
| Subtotal Expenditures of Federal Awards | | | 35,941,444 |

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, 2011

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal Catalog # | Pass-Through Grantor # | Expenditures |
|--|----------------------|---------------------------|---------------------------------|
| Subtotal Expenditures of Federal Awards Brought Forward | | | \$ <u>35,941,444</u> |
| <u>U.S. Department of Health and Human Services (con't.)</u> | | | |
| Subtotal U.S. Department of Health and Human Services Brought Forward | | | 19,909,503 |
| Passed Through NYS State Office of Alcoholism and Substance Abuse Services: | | | |
| Medical Assistance Program | 93.778 | (1) | 12,198 |
| Block Grants for Prevention and Treatment of Substance Abuse | 93.959 | (1) | 1,101,239 |
| Passed Through NYS Mental Health Office: | | | |
| Medical Assistance Program | 93.778 | (1) | <u>248,036</u> |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | <u>21,270,976</u> |
| <u>U.S. Department of Homeland Security</u> | | | |
| Passed Through NYS Office of Homeland Security and Emergency Services: | | | |
| Disaster Grants - Public Assistance | 97.036 | 4031DRNY | 55,200 |
| Emergency Management Performance Grants | 97.042 | (1) | 41,408 |
| Homeland Security Grant Program | 97.067 | C836290 | 141,203 |
| Homeland Security Grant Program | 97.067 | C836292 | 63,500 |
| Homeland Security Grant Program | 97.067 | C836294 | <u>19,197</u> |
| Total Homeland Security Grant Program | | | <u>223,900</u> |
| TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY | | | <u>320,508</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ <u>37,623,425</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, 2011

SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows:

| | | |
|---|--------|---------------------|
| Challenge Industries | 14.207 | \$ 74,592 |
| WIA Cluster: | | |
| WIA Youth Activities: | | |
| Tompkins Cortland Community College - ARRA | 17.259 | 20,121 |
| Challenge Industries | 17.266 | <u>8,493</u> |
| Total WIA Cluster | | <u>28,614</u> |
| Projects for Individuals in Transition from Homelessness | | |
| American Red Cross | 93.150 | 17,763 |
| Block Grants for Prevention and Treatment of Substance Abuse (SAPT) | | |
| Cayuga Addiction Recovery | 93.959 | 891,549 |
| Alcoholism Council | 93.959 | 152,128 |
| TST BOCES | 93.959 | <u>105,291</u> |
| Total SAPT | | <u>1,148,968</u> |
| Federal Transit Cluster: | | |
| Federal Transit - Capital Investment Grants - ARRA | | |
| Tompkins Consolidated Area Transit | 20.507 | 1,573,676 |
| Federal Transit - Formula Grants TCAT | 20.507 | 3,030,000 |
| Tompkins Consolidated Area Transit | 20.500 | <u>1,960,000</u> |
| Total Federal Transit Cluster | | <u>6,563,676</u> |
| Homelessness Prevention and Rapid Recovery Program (HPRP) - ARRA | | |
| Human Services Coalition | 14.257 | 52,037 |
| Legal Assistance of Western NY | 14.257 | 2,856 |
| Catholic Charities | 14.257 | 22,061 |
| Tompkins Community Action | 14.257 | <u>255,498</u> |
| Total HPRP | | <u>332,452</u> |
| Total Federal Awards to Subrecipients | | <u>\$ 8,166,065</u> |

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, 2011

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 individual programs.

COUNTY OF TOMPKINS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2011

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>10.557</u> | <u>Special Supplemental Nutrition Program for Women, Infants, and Children - Food Instruments</u> |
| <u>14.257</u> | <u>Homelessness Prevention and Rapid Re-Housing Program - ARRA</u> |
| <u>20.106</u> | <u>Airport Improvement Program</u> |
| <u>20.500 & 20.507</u> | <u>Federal Transit Cluster</u> |
| <u>93.568</u> | <u>Low-Income Home Energy Assistance</u> |
| <u>20.205</u> | <u>Highway Planning & Construction</u> |
| <u>93.558 & 93.714</u> | <u>Temporary Assistance for Needy Families Cluster</u> |
| <u>93.575 & 93.713</u> | <u>Child Care and Development Block Grant</u> |
| <u>93.658</u> | <u>Foster Care - Title IV-E</u> |
| <u>93.659</u> | <u>Adoption Assistance</u> |

Dollar threshold used to distinguish between Type A and Type B Programs: \$1,128,703

Auditee qualified as low-risk auditee: yes _____ no

COUNTY OF TOMPKINS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(CONTINUED)
DECEMBER 31, 2011

Section II - Financial Statement Findings:

None

Section III - Federal Award Findings and Questioned Costs:

11-01 Time Reporting by Department of Social Services Personnel (CFDA# 93.568, 93.558, 93.714, 93.575, 93.713, 93.658, 93.659, 10.561, 93.563, 93.778)

Condition:

Certain Department of Social Services personnel are assigned to departments that perform services to more than one grant. Their time is allocated based on staff input and caseload analysis rather than quarterly time studies.

Criteria:

New York State guidance requires salaries to be allocated for certain grants based on quarterly time studies.

Cause:

Time studies were not completed for all personnel assigned to departments performing services related to more than one federal grant program. Their time is allocated based on staff input and caseload analysis rather than quarterly time studies.

Effect:

Salary expenditures per grant could be inaccurately reported. While possible questioned costs cannot be readily determined, it is believed such amounts would not be material to any one grant.

Questioned Costs:

Unknown

Recommendation:

We recommend the Department of Social Services conduct time studies in accordance with New York State guidance.

Corrective Action Plan:

The Department agrees and has begun implementation of time studies as recommended.