

FINANCIAL REPORT
AUDITED
MID-HUDSON LIBRARY SYSTEM
For the Year Ended December 31, 2022

Audited for:

Board of Trustees
MID-HUDSON LIBRARY SYSTEM



Audited By:
RBT CPAs, LLP
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Hudson, NY 12534
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MID HUDSON LIBRARY SYSTEM, NEW YORK

TABLE OF CONTENTS

FINANCIAL SECTION	<u>Page</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 9
Basic Financial Statements:	
Government Wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet – Governmental Funds	12
Reconciliation of Total Governmental Funds Balance Sheet To the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	15
Statement of Fiduciary Net Position	16
Statement of Changes in Fiduciary Net Position	17
Notes to the Financial Statements	18 - 37
Required Supplementary Information	
Schedule of Changes in Total OPEB Liability and Related Ratios	38
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios	39
Schedule of Pension Contributions	40
Other Information	
Schedule of Revenues and Expenditures Compared to Budget – General Fund	41
OTHER REPORTING REQUIRED BY <i>GOVERNMENT AUDITING STANDARDS</i>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42 - 43
Schedule of Findings	44



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Mid-Hudson Library System
103 Market Street
Poughkeepsie, NY 12601

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-Hudson Library System (the "Library System") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Library System's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-Hudson Library System as of December 31, 2022 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library System, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library System's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in Total OPEB Liability and Related Ratios, Schedule of Proportionate Share of the Net Pension Liability and Related Ratios, and Schedule of Pension Contributions on pages 4-9 and 38-40, 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 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.

Other Information

Management is responsible for the other information included on page 41. The other information comprises the Schedule of Revenues and Expenditures Compared to Budget – General Fund. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or if the other information otherwise appears to be materially misstated. If, based on the work performed, we concluded that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have issued our report dated June 29, 2023 on our consideration of Mid-Hudson Library System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mid-Hudson Library System's internal control over financial reporting and compliance.

RBT CPAs, LLP

Hudson, NY

June 29, 2023

**MID-HUDSON LIBRARY SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The accompanying management discussion and analysis of the Mid-Hudson Library System's financial performance has been prepared to provide an overview of the Library System's financial activities for the year ended December 31, 2022. This discussion and analysis is only an introduction and should be read in conjunction with the Library System's financial statements.

Requests For Information

This report is designed to provide an overview of the Library System's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Rebekkah Smith Aldrich, Executive Director, Mid-Hudson Library System, 103 Market Street, Poughkeepsie, NY 12601.

Financial Highlights

- The Library System's net position was (\$483,655) at December 31, 2022.
- The total net position decreased by \$(234,073) during the year ended December 31, 2022.
- At December 31, the Library System's proportionate share of the net pension asset for ERS was \$277,988 and its OPEB liability was \$4,718,651.
- As of the close of the current year, the Library System's governmental funds reported an ending fund balance of \$3,515,541, an increase of \$253,225 in comparison with the prior year.
- At the end of the current year, unassigned fund balance for the General Fund was \$3,019,089.

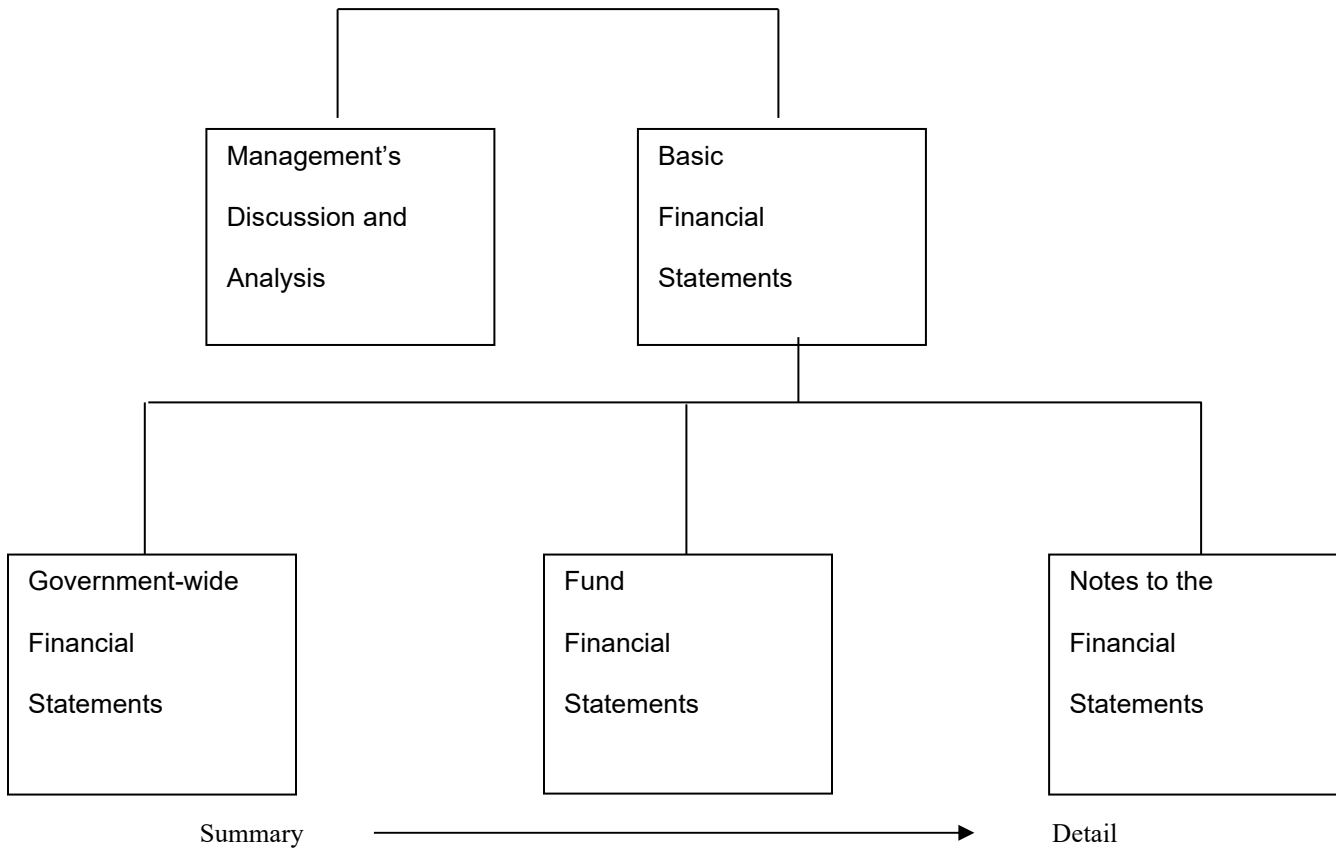
Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Library System's basic financial statements. The Library System's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the Library System's financial position through the use of government-wide statements and fund financial statements. Each view will be explained in more detail following this narrative. In addition to the basic financial statements, this report contains other supplementary information that will enhance the reader's understanding of the financial condition of the Library System.

**MID-HUDSON LIBRARY SYSTEM
 REQUIRED SUPPLEMENTARY INFORMATION
 MANAGEMENT'S DISCUSSION AND ANALYSIS**

Required Components of the Library System's Basic Financial Statements

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the Library System's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Library System. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements, they include: 1) the governmental and fiduciary fund statements and 2) reconciliations to the government-wide financial statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Library System's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Library System's financial status as a whole.

The two government-wide statements report the Library System's net position and how it has changed. Net position is the difference between the Library System's total assets and total liabilities. Measuring net position is one way to gauge the Library System's financial condition.

The governmental activities include most of the Library System's basic services such as library services. State aid and charges for services finance most of these activities.

**MID-HUDSON LIBRARY SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Fund Financial Statements

The fund financial statements provide a more detailed look at the Library System's most significant activities. A fund is a group of self-balancing accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library System, like all other public library system cooperative entities in New York, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the New York State General Municipal Law and local finance law. All of the funds of the Library System are classified in one of two categories: governmental funds and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. All of the Library System's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*, which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Library System's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliations that are a part of the fund financial statements.

Fiduciary Funds – The Library System acts in a custodial capacity for assets that are ultimately transferred to others, such as county monies held for distribution. These funds are excluded from the government-wide financial statements because the Library System cannot use these assets to finance operations.

The Library System adopts an annual budget for certain funds as required by municipal law. The budget is a legally adopted document that incorporates state budgetary appropriations for the Library System, the management of the Library System, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Library System to obtain funds from identified sources to finance these current period activities. The budgetary comparison demonstrates how well the Library System complied with the budget ordinance and whether or not the Library System succeeded in providing the services as planned when the budget was adopted. The budgetary comparison schedule uses the modified accrual basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The schedule shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual revenues, expenditures and ending balances; and 4) the variance between the final budget and actual revenues and expenditures. The schedule is presented as required supplementary information.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**MID-HUDSON LIBRARY SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS
GOVERNMENTAL ACTIVITIES
NET POSITION**

	2022	Restated 2021	\$ Change	% Change
Current Assets	\$ 3,606,197	\$ 3,415,822	\$ 190,375	5.57%
Capital Assets	879,175	850,613	28,562	3.36%
Net Pension Asset	277,988	-	277,988	100%
Total Assets	4,763,360	4,266,435	496,925	11.65%
Deferred Outflows of Resources	636,463	902,311	(265,848)	-29.46%
Total Assets and Deferred Outflows of Resources	5,399,823	5,168,746	231,077	4.47%
Current Liabilities, Restated	57,077	77,495	(20,418)	-26.35%
Long-Term Liabilities	4,817,844	4,188,169	629,675	15.03%
Total Liabilities	4,874,921	4,265,664	\$ 609,257	14.28%
Deferred Inflows of Resources	1,008,557	1,152,664	(144,107)	-12.50%
Net Position:				
Net Investment in Capital Assets	879,175	850,613	28,562	3.36%
Unrestricted	(1,362,830)	(1,100,195)	(262,635)	23.87%
Total Net Position	\$ (483,655)	\$ (249,582)	\$ (234,073)	93.79%

**MID-HUDSON LIBRARY SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS
GOVERNMENTAL ACTIVITIES
CHANGES IN NET POSITION**

	2022	%	Restated 2021	%	\$ Change	% Change
Revenues:						
Program Revenues:						
Charges for Services	\$ 934,157	24.82%	\$ 861,898	22.41%	\$ 72,259	8.38%
Operating Grants	78,664	2.09%	478,667	12.44%	(400,003)	-83.57%
General Revenues:						
Use of Money and Property	4,427	0.12%	2,517	0.07%	1,910	75.88%
Miscellaneous	39,223	1.04%	5,662	0.15%	33,561	592.74%
State Sources	2,707,244	71.93%	2,497,745	64.94%	209,499	8.39%
Total Revenues	3,763,715	100.00%	3,846,489	100.00%	(82,774)	-2.15%
Expenses:						
Library Services	3,997,788	100.00%	3,373,294	100.00%	624,494	18.51%
Total Expenses	3,997,788	100.00%	3,373,294	100.00%	624,494	18.51%
Increase/(Decrease) in Net Position	\$ (234,073)		\$ 473,195		\$ (707,268)	-149.47%

**MID-HUDSON LIBRARY SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Governmental Funds Financial Analysis

As noted earlier, the Library System uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Library System's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Library System's financing requirements. Specifically, unassigned fund balance can be a useful measure of the Library System's net resources available for spending at the end of the year.

The General Fund is the chief operating fund of the Library System. At the end of the current year, the unassigned fund balance of the General Fund was \$3,019,089. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 87.97% percent of total General Fund expenditures.

At December 31, 2022, the governmental funds of the Library System reported a combined fund balance of \$3,515,541, a 7.76 percent increase over the prior year end. Only the General Fund reported an increase in fund balance. The Special Aid Fund reported a deficit of \$1,739.

General Fund Budgetary Highlights: During the year, the Library System revised the General Fund budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

The original budgeted revenues for the General Fund were increased by the Board of Trustees during the year by \$438,810, the impact was related to the increase state aid.

In reviewing the actual results of operations for the General Fund for the year ended December 31, 2022, as compared to the adjusted budget, expenditures were \$301,996 under the amended budget, primarily due to grants that have a grant period other than the Library System fiscal year.

Fund Balances: As discussed, the Library System's governmental funds are reported in the fund statements with a modified accrual basis that uses a short-term, inflow and outflow spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financial requirements. The major governmental funds of the Library System consist of the General Fund, and Special Aid Fund.

Capital Assets: The Library System's investment in capital assets, net of accumulated depreciation, as of December 31, 2022 was \$879,175. The capital assets include land, buildings, equipment, furniture and fixtures, and construction in process. The Library's depreciation expense for the year was \$38,018 and represented the decrease over the prior year. There were \$66,580 in capital asset additions during the year.

**MID-HUDSON LIBRARY SYSTEM
STATEMENT OF NET POSITION
DECEMBER 31, 2022**

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 3,514,108
State and Federal Aid Receivable	2,407
Accounts Receivable	11,815
Prepaid Expenditures	77,867
Total Current Assets	3,606,197
Noncurrent Assets:	
Capital Assets, Not Being Depreciated	10,000
Capital Assets, Being Depreciated, Net	869,175
Total Capital Assets, Net (Note 5)	879,175
Net Pension Asset (Note 6)	277,988
Total Assets	4,763,360
DEFERRED OUTFLOWS OF RESOURCES	
Pension (Note 6)	636,463
Total Deferred Outflows of Resources	636,463
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	5,399,823
LIABILITIES	
Accounts Payable	9,411
Accrued Liabilities	47,666
Noncurrent Liabilities:	
Compensated Absences (Note 8)	99,193
Other Post Employment Benefits (Note 7)	4,718,651
Total Liabilities	4,874,921
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenues	33,579
Pension (Note 6)	974,978
Total Deferred Inflows of Resources	1,008,557
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	5,883,478
NET POSITION	
Net Investment in Capital Assets	879,175
Unrestricted	(1,362,830)
TOTAL NET POSITION	\$ (483,655)

**MID-HUDSON LIBRARY SYSTEM
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Expenses	Program Revenues			Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>FUNCTIONS/PROGRAMS</u>					
Governmental Activities:					
Library Services	\$ (3,997,788)	\$ 934,157	\$ 78,664	\$ -	\$ (2,984,967)
Total Governmental Activities	\$ (3,997,788)	\$ 934,157	\$ 78,664	\$ -	(2,984,967)
General Revenues:					
Use of Money and Property					4,427
Miscellaneous					39,223
State Sources					2,707,244
Total General Revenues					2,750,894
Change in Net Position					(234,073)
Net Position - Beginning					(246,140)
Prior Period Adjustment (Note 14)					(3,442)
Net Position - Beginning, as Restated					(249,582)
Net Position - Ending					\$ (483,655)

See accompanying notes to the financial statements.

**MID-HUDSON LIBRARY SYSTEM
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	General	Special Aid	Total Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ 3,514,108	\$ -	\$ 3,514,108
State and Federal Aid Receivable	1,455	952	2,407
Accounts Receivable	11,815	-	11,815
Due from Other Funds	2,691	-	2,691
Prepaid Expenses	77,867	-	77,867
Total Assets	\$ 3,607,936	\$ 952	\$ 3,608,888
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable	\$ 9,411	\$ -	\$ 9,411
Accrued Liabilities	47,666	-	47,666
Due to Other Funds	-	2,691	2,691
Total Liabilities	57,077	2,691	59,768
Deferred Inflows of Resources:			
Deferred Revenues	33,579	-	33,579
Fund Balance:			
Nonspendable	77,867	-	77,867
Fund Balance - Assigned:			
Employee Benefits & Accrued Liabilities	99,193	-	99,193
Capital	290,925	-	290,925
Estate Donation Fund	6,520	-	6,520
Assigned Appropriated	23,686	-	23,686
Fund Balance - Unassigned	3,019,089	(1,739)	3,017,350
Total Fund Balances	3,517,280	(1,739)	3,515,541
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,607,936	\$ 952	\$ 3,608,888

**MID-HUDSON LIBRARY SYSTEM
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Total Governmental Funds	Long-Term Assets and Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash and Cash Equivalents	\$ 3,514,108	\$ -	\$ -	\$ 3,514,108
State and Federal Aid Receivable	2,407	-	-	2,407
Due from Other Funds	2,691	-	(2,691)	-
Accounts Receivable	11,815	-	-	11,815
Prepaid Expenses	77,867	-	-	77,867
Capital Assets, Net	-	879,175	-	879,175
ERS Net Pension Asset-Proportionate Share	-	277,988	-	277,988
Total Assets	3,608,888	1,157,163	(2,691)	4,763,360
Deferred Outflows of Resources - Pension	-	636,463	-	636,463
Total Assets and Deferred Outflows of Resources	\$ 3,608,888	\$ 1,793,626	\$ (2,691)	\$ 5,399,823
LIABILITIES				
Accounts Payable	\$ 9,411	\$ -	\$ -	\$ 9,411
Accrued Expenditures	47,666	-	-	47,666
Due to Other Funds	2,691	-	(2,691)	-
Compensated Absences	-	99,193	-	99,193
Other Postemployment Benefits	-	4,718,651	-	4,718,651
Total Liabilities	59,768	4,817,844	(2,691)	4,874,921
Deferred Inflows of Resources - Other	33,579	-	-	33,579
Deferred Inflows of Resources - Pension	-	974,978	-	974,978
Total Fund Balances	3,515,541	(3,999,196)	-	(483,655)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances/Net Position	\$ 3,608,888	\$ 1,793,626	\$ (2,691)	\$ 5,399,823

MID-HUDSON LIBRARY SYSTEM
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General	Special Aid	Total Governmental Funds
Revenues:			
Charges for Services	\$ 934,157	\$ -	\$ 934,157
Use of Money and Property	4,427	-	4,427
Miscellaneous	39,223	-	39,223
State and Federal Sources	2,707,244	78,664	2,785,908
Total Revenues	3,685,051	78,664	3,763,715
Expenditures:			
Personal Services	1,108,025	20,067	1,128,092
Equipment and Capital Outlay	24,994	-	24,994
Contractual Expenditures	1,730,595	57,827	1,788,422
Employee Benefits	568,212	770	568,982
Total Expenditures	3,431,826	78,664	3,510,490
Excess (Deficiency) of Revenues Over Expenditures	253,225	-	253,225
Other Financing Sources/(Uses):			
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources/(Uses)	-	-	-
 Change in Fund Balances	 253,225	 -	 253,225
Fund Balances - Beginning	3,267,497	(1,739)	3,265,758
Prior Period Adjustment (Note 14)	(3,442)	-	(3,442)
Fund Balances - Beginning, Restated	3,264,055	(1,739)	3,262,316
 Fund Balances - Ending	 \$ 3,517,280	 \$ (1,739)	 \$ 3,515,541

See accompanying notes to the financial statements.

**MID-HUDSON LIBRARY SYSTEM
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES TO THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Total Governmental Funds	Long-Term Revenue, Expenses	Capital Asset Related Items	Reclassifications and Eliminations	Statement of Activities Totals
Revenues:					
Charges for Services	\$ 934,157	\$ -	\$ -	\$ -	\$ 934,157
Operating Grants and Contributions	-	-	-	78,664	78,664
Use of Money and Property	4,427	-	-	-	4,427
Miscellaneous	39,223	-	-	-	39,223
State Sources	2,785,908	-	-	(78,664)	2,707,244
Total Revenues	3,763,715	-	-	-	3,763,715
Expenditures:					
Personal Services/Library Services	1,128,092	-	38,018	2,831,678	3,997,788
Equipment and Capital Outlay	24,994	-	(66,580)	41,586	-
Contractual Expenditures	1,788,422	-	-	(1,788,422)	-
Employee Benefits	568,982	515,860	-	(1,084,842)	-
Total Expenditures	3,510,490	515,860	(28,562)	-	3,997,788
Other Financing Sources/(Uses):					
Operating Transfers In	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	-	-	-	-
Change in Fund Balances/Net Position	\$ 253,225	\$ (515,860)	\$ 28,562	\$ -	\$ (234,073)

See accompanying notes to the financial statements.

**MID-HUDSON LIBRARY SYSTEM
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022**

	Custodial Funds
<hr/>	
ASSETS	
Cash	\$ 236,196
<hr/>	
Total Assets	236,196
<hr/>	
NET POSITION	
Restricted for Member Libraries	236,196
<hr/>	
Total Net Position	\$ 236,196
<hr/> <hr/>	

See accompanying notes to the financial statements.

**MID-HUDSON LIBRARY SYSTEM
STATEMENT OF CHANGES IN FUDICIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Custodial Funds
<hr/>	
Additions:	
Local Funding	\$ -
Interest and Earnings	466
Member Fees Collected	39,600
Total Additions	40,066
<hr/>	
Deductions:	
Member Fees Applied	26,278
Total Deductions	26,278
<hr/>	
Change in Net Position	13,788
Net Position - Beginning	222,408
<hr/>	
Net Position - Ending	\$ 236,196
<hr/>	

See accompanying notes to the financial statements.

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Library System is a cooperative in the New York State Public Library System which works cooperatively with member libraries in Dutchess, Columbia, Greene, Putnam, and Ulster Counties to establish a set of uniform standards and equity of access throughout the service community.

The Library System provides centralized automation, consulting and support services, coordinates and facilitates cooperation among member libraries, and is engaged in advocacy for and promotion of public libraries.

The Library System, for financial purposes, includes all of the funds relevant to the operations of the Library System. The financial statements include organizations, functions, and activities that are controlled by or dependent upon the Library System. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing Board. Under these criteria, no other entities are included in the Library System's financial statements.

The accounting policies of the Library System conform to accounting principles generally accepted in the United States of America for governmental units as established by the Governmental Accounting Standards Board ("GASB"). The notes to the financial statements are an integral part of the statements and are intended to be read with them.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include: 1) charges to member libraries for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The following fund types are used by the Library System:

1. Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

The following is a description of the governmental funds of the Library System:

- a. *General Fund* is the general operating fund of the Library System. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund and is presented separately.
- b. *Special Aid Fund* is used to account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes.

2. Fiduciary Fund

Fiduciary Fund is used to account for fiduciary activities. Fiduciary activities are those in which the Library System acts as a trustee or agent for resources that belong to others. These activities are not included in the government-wide financial statements, because their resources do not belong to the Library System, and are not available to be used.

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Pervasiveness of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of other postemployment benefits, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

E. Budgetary Data

The Library System administration prepares a proposed budget for approval by the Board of Trustees for the General Fund. Appropriations are adopted at the program line item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to certain restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Budgets are adopted on an annual basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

F. Cash and Investments

The Library System's investment policies are governed by State statutes. In addition, the Library System has its own written investment policy. The Library System's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Library System 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 is required for demand 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.

G. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. All receivables recorded in the governmental fund's balance sheet are expected to be collected within sixty days of year end.

H. Due To/From Other Funds

Amounts due to and due from within the same fund type have been eliminated in the Government-wide statements. See Note 4 for a schedule detailing the interfund balances.

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. Leases

The Library System implemented GASB 87 effective January 1, 2022 and has elected not to capitalize lease assets or liabilities for immaterial leases. The Library System will continue to account for immaterial lease arrangements under existent standards.

J. Capital Assets

Capital assets are reported at historical cost. The Library System depreciates capital assets using the straight line method over the estimated useful lives of the assets. Capitalization thresholds and estimated lives of assets reported in the government-wide statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Furniture, Fixtures, and Equipment	\$ 1,000	5-10 Years
Vehicles	1,000	5-8 Years 20-40 Years
Buildings and Improvements	1,000	Years

K. Vested Employee Benefits

Library System employees are granted: vacation, sick leave, and earn compensatory absences in varying amounts. In the event of termination or upon retirement, an employee may be entitled to payment for accumulated vacation, sick leave, and unused compensatory absences at various rates subject to certain maximum limitations. A liability for accrued vacation and sick time is reflected in the Government-wide statements under the heading “Compensated Absences.” See Note 8.

The Library System’s employees participate in the New York State Employees’ Retirement System. See Note 6.

In addition to providing pension benefits, the Library System provides health insurance coverage for retired employees. Substantially all of the Library System’s employees may become eligible for these benefits if they reach normal retirement age and at least 5 years of service while working for the Library System. Health care benefits are provided through an insurance company whose premiums are based on the benefits paid during the year for the Library System. The Library System recognizes the cost of providing benefits by recording its share of insurance premiums as a governmental fund expenditure in the year paid. See Note 7.

L. Risk Retention

The Library System assumes the liability for most risk including, but not limited to, property damage and personal injury liability. The Library System purchases commercial insurance to mitigate these risks, subject to certain deductibles. 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.

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

M. Equity Classification

1. Government-Wide Statements

Equity is defined as net position and displayed in three components:

- Net Investment in Capital Assets

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

- Restricted Net Position

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

- Unrestricted Net Position

The remaining portion of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

2. Fund Financial Statements

Equity is defined as fund balance and displayed in five fund balance classifications, which are based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds:

Nonspendable:

Amounts that cannot be spent in the current period either because of their form or because they must be maintained intact. Prepaid expenses are nonspendable assets because, by definition, the money has already been spent.

Restricted:

Amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments or through constitutional provisions or enabling legislation.

Committed:

Amounts that are subject to a purpose constraint imposed by a formal action of the government’s highest level of decision-making authority (the Board of Trustees) before the end of the year. The same level of formal action is required to remove the constraint.

Assigned:

Amounts that are subject to a purpose constraint that represents an intended use established by the government’s highest level of decision-making authority or by its 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.

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

M. Equity Classification - continued

Fund	Description	Assigned Fund Balance
General	Employee Benefits & Accrued Liabilities	\$ 99,193
	Capital	290,925
	Estate Donation	6,520
	Assigned Appropriated	<u>23,686</u>
		<u>\$ 420,324</u>

Unassigned:

Represents the residual amount of fund balance in the General Fund. In funds other than the General Fund, this classification should only be used to report a deficit balance.

3. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the Library System’s policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements. Similarly, when an expenditure is incurred for which multiple classifications of fund balance are available, the Library System’s policy is to apply fund balance in the following order: restricted, committed, assigned, unassigned.

N. Interfund Transfers

The operations of the Library System give rise to certain transactions between funds, including transfers to provide services and construct assets. Interfund transfers within fund categories are eliminated for the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided in Note 4.

O. Subsequent Events

Management has evaluated subsequent events from December 31, 2022, through June 29, 2023, the date on which the financial statements were available to be issued.

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The differences result primarily from the economic focus of the government-wide statements, compared with the current financial resources focus of the governmental funds.

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the Library System’s governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position as follows:

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS - CONTINUED

Total Fund Balance reported in Governmental Funds Balance Sheet \$ 3,515,541

The costs of building and acquiring capital assets (land, infrastructure, buildings, and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the Library System as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Original Cost of Capital Assets	\$	1,294,799	
Accumulated Depreciation		<u>(415,624)</u>	
Capital Assets, Net			879,175

The governmental funds do not include long-term assets because they are not due and receivable in the current period. However, these assets are reported in the Statement of Net Position because they represent economic assets. Balances at year end were:

ERS Net Pension Asset-Proportionate Share	277,988
---	---------

The governmental funds do not include long-term liabilities because they are not due and payable in the current period. However, these liabilities are reported in the Statement of Net Position because they represent economic liabilities. Balances at year end were:

Compensated Absences Payable	(99,193)	
Other Postemployment Benefits	<u>(4,718,651)</u>	
		(4,817,844)

Deferred outflows and inflows related to pensions are reported in the Statement of Net Position, but not in the governmental funds, because they do not represent current economic resources or obligations. Balances at year end were:

Deferred Outflows of Resources	\$	636,463	
Deferred Inflows of Resources		<u>(974,978)</u>	
			<u>(338,515)</u>

Total Net Position reported in the Government-wide Statement of Net Position \$ (483,655)

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS - CONTINUED

B. Explanation of Differences between Governmental Funds Operating Statement and the Statement of Activities

Differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories:

- Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds use a current financial resource measurement focus, whereas the Statement of Activities uses an economic resource measurement focus.
- Capital asset transaction differences include the difference between recording an expenditure for the purchase of capital assets in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.
- The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and the change in net position reported in the Statement of Activities.

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS - CONTINUED

Total Expenditures/Expenses

Total expenditures reported in governmental funds \$ 3,510,490

In the Statement of Activities, certain operating expenses (compensated absences and retirement incentives) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which the liability for compensated absences increased during the year. 4,093

In the Statement of Activities, the expense for other postemployment benefits is measured based on the change in the actuarially determined OPEB liability of the Library System. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This is the amount by which the change in the OPEB liability exceeded the amount of financial resources used during the year. 629,226

In the Statement of Activities, pension expense related to the ERS defined benefit plan is measured as the change in the Library System's proportionate shares of the net pension assets, liabilities, deferred outflows, and deferred inflows as of the measurement date. In the governmental funds, however, these expenditures are recognized as the sum of (1) amounts paid by the employer to the pension plan, and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which pension expense was less than the amount of financial resources expended during the year. (117,459)

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation, \$37,045, was less than capital expenditures, \$66,580, in the current year. (28,562)

Total Expenses in the Statement of Activities \$ 3,997,788

3. CASH AND CASH EQUIVALENTS

At December 31, 2022, the carrying amount of the Library System's deposits (cash, certificates of deposit, and interest-bearing savings accounts) was \$3,750,254 and the bank balance was \$3,835,734. The Library System's deposits at December 31, 2022, and during the year then ended, were entirely covered by FDIC Insurance or by pledged collateral held by the Library System's agent bank in the Library System's name. Petty cash is included in cash and cash equivalents, and totaled \$50 at year end.

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

4. INTERFUND ACTIVITY

Interfund receivables and payables at December 31, 2022 were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 2,691	\$ -
Special Aid Fund	-	2,691
Totals	<u>\$ 2,691</u>	<u>\$ 2,691</u>

Interfund revenues and expenditures at December 31, 2022 were as follows:

	Operating Transfers In	Operating Transfers Out
General Fund	\$ -	\$ -
Special Aid Fund	-	-
Totals	<u>\$ -</u>	<u>\$ -</u>

5. CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2022 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Total Capital Assets, Not Being Depreciated	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Capital Assets, Being Depreciated:				
Building	1,015,850	52,690	-	1,068,540
Equipment, Furniture, and Fixtures	202,369	13,890	-	216,259
Total Capital Assets Being Depreciated	<u>1,218,219</u>	<u>66,580</u>	<u>-</u>	<u>1,284,799</u>
Accumulated Depreciation for:				
Building, Equipment, and Furniture and Fixtures, Restated	(377,606)	(38,018)	-	(415,624)
Total Accumulated Depreciation	<u>(377,606)</u>	<u>(38,018)</u>	<u>-</u>	<u>(415,624)</u>
Total Capital Assets, Being Depreciated	<u>840,613</u>	<u>28,562</u>	<u>-</u>	<u>869,175</u>
Total Capital Assets, Net	<u>\$ 850,613</u>	<u>\$ 28,562</u>	<u>\$ -</u>	<u>\$ 879,175</u>

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

5. CAPITAL ASSETS - CONTNIUED

Depreciation expense was charged to functions/programs of the Library System as follows.

Governmental Activities:

Library Services	\$ 38,018
Total Depreciation Expense	<u>\$ 38,018</u>

6. PENSION PLANS

Plan Description

The Library System participates in the New York State and Local Employees’ Retirement System (“ERS”), a cost-sharing multiple-employer retirement system. ERS provides retirement benefits as well as death and disability 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 ERS. 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 their funds. ERS 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, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

Funding Policy

ERS is noncontributory except for Tier 3, 4, 5 and 6 employees who joined the New York State and Local Employees’ Retirement System after July 27, 1976, who contribute 3% to 6% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates, expressed as proportions of member payroll and employer contributions, used in computing the contributions required to be made by employers to the pension accumulation fund. An Eligible Tier 3 or 4 member with ten or more years of membership, or ten years credited service, will not be required to contribute to the Retirement System. Tier 5 and 6 members must continue to contribute throughout their employment.

The Library System is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were as follows:

<u>Plan Year Ended March 31</u>	<u>ERS</u>
2022	\$ 152,784
2021	\$ 138,324
2020	\$ 127,489

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

At December 31, 2022, the Library System reported an asset of \$277,988 for its proportionate share of the net pension liability for ERS. The net pension asset/(liability) was measured as of March 31, 2022 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The Library System's proportion of the net pension asset/(liability) was based on a projection of the Library System's long-term share of contributions to System relative to the projected contributions of all participating members, as actuarially determined. This information was provided by the ERS System in a report provided to the Library System.

	<u>ERS</u>
Actuarial Valuation Date	4/1/2021
Net Pension Asset (Liability)	277,988
Library System's Portion of the Plan's	
Total Net Pension Asset/(Liability)	0.0034006%

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

6. PENSION PLANS – CONTINUED

For the year ended December 31, 2022, the Library System recognized pension expense (credit) of \$9,169 for the ERS.

At December 31, 2022, the Library System reported deferred outflows of resources and deferred inflows of resources related to pensions for the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 21,052	\$ 27,306
Changes of Assumptions	463,930	7,828
Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	-	910,293
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	28,463	29,551
Employer Contributions Subsequent to the Measurement Date	<u>123,018</u>	<u>-</u>
Total	<u>\$ 636,463</u>	<u>\$ 974,978</u>

The Library System contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2023	\$ (70,797)
2024	(100,573)
2025	(235,466)
2026	<u>(54,697)</u>
	<u>\$ (461,533)</u>

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date.

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

6. PENSION PLANS – CONTINUED

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>
Measurement Date	March 31, 2022
Investment Rate of Return	5.90% compounded annually net of investment expense
Projected Salary Increases	4.40%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience
Inflation Rate	2.70%
Mortality Improvement	Society of Actuaries Scale MP - 2020

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by each of the target asset allocation percentages and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation for the retirement system are summarized below:

Asset Class	<u>Target allocation</u>	<u>Long-term expected real rate of return</u>
Domestic Equity	32%	3.30%
International Equity	15%	5.85%
Private Equity	10%	6.50%
Real Estate	9%	5.00%
Opportunistic Portfolio / Absolute Return Strategies	3%	4.10%
Credit	4%	3.78%
Real Assets	3%	5.58%
Fixed Income	23	0.00%
Cash	1%	-1.00%

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

6. PENSION PLANS – CONTINUED

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, ERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Library System's proportionate share of ERS net pension liability calculated using the discount rates referred to above, as well as what the Library System's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate referred to above:

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Library System's Proportionate Share of the Net ERS Pension Asset/ (Liability)	\$ (715,537)	\$ 277,988	\$ 1,109,023

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2022, were as follows:

	<u>Dollars in Thousands</u>
	Employees' Retirement System
Employers' Net Pension Liability	\$ (223,874,888)
Plan Net Position	232,049,473
Employers' Net Pension Liability	<u>\$ 8,174,585</u>
Ratio of Plan Net Position to the Employers' Total Pension Liability	103.65%

Payables to the Pension Plan

For ERS, employer contributions for the plan year ended March 31, 2022 were paid to System in December 2022. Prepaid retirement contributions as of December 31, 2022 amounted to \$28,273.

7. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Library System provides postemployment health insurance coverage to retired employees through a self-administered single employer plan in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the Library System's contractual agreements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a stand-alone financial report.

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

7. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

Benefits Provided

The Library System’s OPEB plan subsidizes the cost of healthcare to eligible retired employees, and their spouses, and dependent children. Eligibility is based on the respective rules of the New York State and Local Employees Retirement System (ERS) as well as the provisions of the Library System’s agreements with its employees. The following eligibility rules currently apply to the Library System’s employees:

Group	Provider Options	Hire Date	Years of Service
Management/CSEA	NYSHIP	Post 10/1/16	20
		9/1/12-9/30/16	15
		9/1/03-9/1/12	10
		Pre 9/1/2003	5
Management/CSEA	MVP	Retire pre-2006	5
	NYSHIP	Retire pre-2006	5
Management/CSEA	NYSHIP	Retire pre 3/31/13	10

Medical and prescription drug benefits are offered to retirees on a Library-subsided basis. Upon attaining age 65 or upon disability retirement, Medicare (Parts A and B) becomes the primary provider for hospital insurance and supplementary medical insurance, with the Library System’s plan providing an additional layer of coverage. The Library System reimburses retirees and their spouses for Medicare Part B premiums, but not those of surviving spouses for employees who retire after March 31, 2013.

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

7. OTHER POSTEMPLOYMENT BENEFITS - CONTINUED

The benefit terms that are dependent on which contract covers each employee for contribution rates for new retirees are as follows:

Group	Provider Options	Hire Date	Salary		Library System Contributions (Fixed)			
					Individual	Spouse	Individual and Children	Family
Management /CSEA	NYSHIP	Active Employees	Up to \$54,999	Subscriber and Spouse under 65	\$ 1,094.45	N/A	N/A	\$ 1,924.18
				Subscriber and Spouse Over 65	359.16	N/A	N/A	932.35
	NYSHIP		\$55,000-76,999	Subscriber and Spouse under 65	\$ 1,052.59	N/A	N/A	\$ 1,924.18
				Subscriber and Spouse Over 65	345.42	N/A	N/A	883.51
	NYSHIP		\$77,000 and up	Subscriber and Spouse under 65	1,016.70	N/A	N/A	1,833.63
				Subscriber and Spouse Over 65	-	N/A	N/A	-
	MVP	Hired 10/1/16	\$55,000-76,999	Subscriber and Spouse under 65	\$ -	N/A	N/A	\$ -
				Subscriber or Spouse Over 65	N/A	N/A	N/A	-
				Subscriber and Spouse Over 65	225.81	N/A	N/A	799.00
	MVP	Hired pre 9/1/03	\$77,000 and up	Subscriber and Spouse under 65	-	N/A	N/A	-
				Subscriber or Spouse Over 65	N/A	N/A	N/A	-
				Subscriber and Spouse Over 65	225.81	N/A	N/A	799.00
	MVP	9/1/12-9/30/16	\$77,000 and up	Subscriber and Spouse under 65	1,016.70	N/A	N/A	1,833.63
				Subscriber and Spouse Over 65	333.64	N/A	N/A	835.78
MVP	9/1/03-8/31/12	\$77,000 and up	Subscriber and Spouse under 65	1,016.70	N/A	N/A	1,833.63	
			Subscriber and Spouse Over 65	333.64	N/A	N/A	835.78	
MVP	Retire pre 3/31/13		Subscriber and Spouse under 65	897.09	N/A	N/A	1,697.81	
			Subscriber and Spouse Over 65	294.39	N/A	N/A	832.46	
NYSHIP	Retire pre 9/1/03	N/A	Subscriber and Spouse under 65	1,052.59	N/A	N/A	1,833.63	
			Subscriber and Spouse Over 65	345.43	N/A	N/A	883.51	
NYSHIP	Retire pre-2006	N/A	Subscriber and Spouse under 65	1,094.45	N/A	N/A	1,924.18	
			Subscriber and Spouse Over 65	359.16	N/A	N/A	932.35	
MVP	Retire pre 2006	N/A	Subscriber and Spouse under 65	-	N/A	N/A	-	
			Subscriber or Spouse Over 65	N/A	N/A	N/A	-	
			Subscriber and Spouse Over 65	218.08	N/A	N/A	799.00	

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

7. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

The Library System’s contribution is equivalent to that portion of health insurance premiums paid that are allocated to retirees, estimated to be \$168,6422 during the year ended December 31, 2022.

Employees Covered by Benefit Terms

At December 31, 2022, the following employees were covered by benefit terms:

Active employees	13
Retired	19
Terminated	0
Deceased	1
Total employees covered by benefit terms	<u>33</u>

Total OPEB Liability

The Library System obtained an actuarial valuation report as of December 31, 2022. The liability for other postemployment benefits was measured as of December 31, 2022 and totaled \$4,718,651.

Actuarial Assumptions and Other Inputs

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

Projected Salary Increases, Including Wage Inflation	2.50%
Discount Rate	3.70%
Healthcare Cost Trend Rates	Pre-65: Ranging from 5.2% to 3.0% for pharmacy, medical, dental, and vision for 2022, reduced incrementally to an ultimate rate of 4.2% to 3.0% after 10 years Post-65: Same
Current Retiree's Share of Benefit Related Costs	Retirees pay based on specific cost sharing agreement
Future Retiree's Share of Benefit Related Costs	Retirees pay based on specific cost sharing agreement

- The discount rate was based on a review of the yield derived from the 20 Year Tax Exempt Municipal Bond Yield.
- Mortality Rates were based on Pub-2010 Public Retirement Plans Mortality Tables, with mortality improvement projected for 10 years.

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

7. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

- The actuarial assumptions used in the December 31, 2022 valuation were derived in part from data maintained by the US Office of Personnel Management.

Changes in the Total OPEB Liability

	Year Ended December 31, 2022
Service Cost	\$ 130,198
Interest	93,192
Changes in Assumptions or Other inputs	562,195
Benefit Payments	<u>(156,359)</u>
Net Changes in Assumptions or Other Inputs	629,226
Total OPEB liability - Beginning	<u>4,089,425</u>
Total OPEB liability - Ending	<u>\$ 4,718,651</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the Library System, as well as what the Library System's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate.

	1% Decrease 2.70%	Discount Rate 3.70%	1% Increase 4.70%
Total OPEB Liability	\$ 5,468,794	\$ 4,718,651	\$ 4,132,234

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the Library System, as well as what the Library System's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the healthcare cost trend rate.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 4,075,288	\$ 4,718,651	\$ 5,548,005

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

For the year ended December 31, 2022, the Library System recognized OPEB expense of \$629,226. The OPEB plan is unfunded and, since the Library System qualified for and used the Alternative Measurement Method, the Library System did not report any deferred outflows of resources or deferred inflows of resources related to OPEB.

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

8. LONG-TERM LIABILITIES

Long-term liability balances and activity for the year are summarized below:

	Balance			Balance	Amounts
	January 1,			December 31,	Due
	2022	Increases	Decreases	2022	Within
					One Year
Governmental Activities:					
Compensated Absences	\$ 95,100	\$ 4,093	\$ -	\$ 99,193	\$ -
Other Postemployment Benefits	4,089,425	629,226	-	4,718,651	-
Pension	3,644	-	(3,644)	-	-
Total Long-Term Liabilities	<u>\$ 4,188,169</u>	<u>\$ 633,319</u>	<u>\$ (3,644)</u>	<u>\$ 4,817,844</u>	<u>\$ -</u>

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

9. CONTINGENCIES

Grant Funding

The Library System has received grants which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. Based on past audits, the Library System’s administration believes disallowances, if any, will be immaterial.

10. FIDUCIARY FUND

The Directors Association (DA) and the Library System established a Members Capital Fund to underwrite training, product implementation, hosting catalog and integrated library platform expenses. Income for the Members Capital Fund will be collected through an annual member assessment fee per member library. The DA will approve the annual assessment fee.

11. CAPITAL FUNDS AND MEMBERS CAPITAL FUND

The Library System maintains funds for member libraries and the Library System itself, for the purposes of shared purchases among the member libraries. The funds are broken out between members and the Library System as follows:

Members' Capital - Custodial	<u>\$ 236,196</u>
MHLS Capital - General Fund	<u>\$ 290,925</u>

12. CHANGE IN ACCOUNTING POLICY

The Library System has elected to follow lease reporting requirements as prescribed by GASB to increase transparency and compatibility among governments by requiring the recognition of intangible lease assets and lease liabilities on the balance sheet. The Library System adopted the new requirements effective January 1, 2022 and has elected not to apply reporting requirements for immaterial leases.

**MID-HUDSON LIBRARY SYSTEM
NOTES TO BASIC FINANCIAL STATEMENTS**

13. NEW REPORTING STANDARDS

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (“PPP”s). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (“APA”s). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (“SBITA”s) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Under this statement, a government generally should recognize a right-to-use subscription asset and corresponding subscription liability. The requirements of this statement are effective for fiscal years beginning after June 15, 2022.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This statement addresses several topics, including derivative instruments, leases, PPP arrangements, SBITAs, LIBOR, and pledges of future revenues. The requirements regarding leases, PPPs, and SBITAs are effective for years beginning after June 15, 2022. The financial guarantees and derivatives requirements are effective for fiscal years beginning after June 15, 2023.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement provides clarification and guidance for accounting and financial reporting related to accounting changes and error corrections (“ACEC”). The statement also addresses disclosure requirements for ACEC, and how these items should be presented in Required Supplementary Information and Supplementary Information. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement amends the recognition, measurement, and disclosure requirements for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Management has not estimated the potential impact of these statements, if any, on the Library System’s financial statements.

14. PRIOR PERIOD ADJUSTMENT

The payroll liability and related expenditure was understated in fiscal year 2021 by \$3,442, resulting in a corresponding reduction of beginning fund balance and beginning net position.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

MID-HUDSON LIBRARY SYSTEM
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

<u>Total OPEB Liability</u>	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>
Service Cost	\$ 130,198	\$ 125,561	\$ 133,788	\$ 122,968	\$ 131,402
Interest	93,192	78,083	125,637	112,428	68,439
Economic/Demographic Gains or Losses	1,719,101	452,378	(410,878)	122,421	(1,171,006)
Changes in Assumptions or Other Inputs	(1,156,906)	(167,634)	874,085	169,087	(1,233,389)
Benefit Payments	(156,359)	(353,386)	(170,492)	(179,083)	(168,916)
Net Change in Total OPEB Liability	629,226	135,002	552,140	347,821	(2,373,470)
Total OPEB liability - Beginning	4,089,425	3,954,423	3,402,283	3,054,462	5,427,932
Total OPEB liability - Ending	<u>\$ 4,718,651</u>	<u>\$ 4,089,425</u>	<u>\$ 3,954,423</u>	<u>\$ 3,402,283</u>	<u>\$ 3,054,462</u>
Covered Payroll	\$ 1,108,025	\$ 1,026,929	\$ 1,128,092	\$ 1,094,108	\$ 1,081,336
Total OPEB Liability as a percentage of covered payroll	425.86%	398.22%	350.54%	310.96%	282.47%

Notes to Schedule:

Changes in Assumptions:

Changes in Assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

12/31/18	3.64%
12/31/19	3.26%
12/31/20	2.00%
12/31/21	2.25%
12/31/22	3.70%

No assets are accumulated in a Trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

GASB 75 requires that the past 10 years of information be presented. Due to the fact that 2018 was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

**MID-HUDSON LIBRARY SYSTEM
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS**

Plan Year Ended	Proportion of the Net Pension Asset (Liability)	Proportionate Share of the Net Pension Asset (Liability)	Covered Payroll	Net Pension Asset (Liability) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
Employees' Retirement System					
3/31/2022	0.00340060%	\$ 277,988	\$ 948,782	29.30%	86.39%
3/31/2021	0.00365990%	\$ (3,644)	\$ 930,625	-0.39%	99.50%
3/31/2020	0.00325960%	\$ (863,174)	\$ 989,703	-87.22%	86.39%
3/31/2019	0.00320380%	\$ (227,000)	\$ 911,690	-24.90%	96.27%
3/31/2018	0.00308500%	\$ (106,780)	\$ 842,405	-12.68%	98.24%
3/31/2017	0.00327370%	\$ (307,604)	\$ 1,064,492	-28.90%	94.70%
3/31/2016	0.00305020%	\$ (489,559)	\$ 982,136	-49.85%	90.70%
3/31/2015	0.00311890%	\$ (105,366)	\$ 936,277	-11.25%	97.95%

GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was recently implemented, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 68.

**MID-HUDSON LIBRARY SYSTEM
SCHEDULE OF CONTRIBUTIONS**

Plan Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered Payroll	Required Contributions as a Percentage of its Covered Payroll
Employees' Retirement System					
3/31/2022	\$ 152,784	\$ 152,784	\$ -	\$ 948,782	16.10%
3/31/2021	\$ 138,324	\$ 138,324	\$ -	\$ 939,625	14.72%
3/31/2020	\$ 127,489	\$ 127,489	\$ -	\$ 989,703	12.88%
3/31/2019	\$ 117,756	\$ 117,756	\$ -	\$ 911,690	12.92%
3/31/2018	\$ 112,248	\$ 112,248	\$ -	\$ 842,405	13.32%
3/31/2017	\$ 102,879	\$ 102,879	\$ -	\$ 1,064,492	9.66%
3/31/2016	\$ 114,645	\$ 114,645	\$ -	\$ 982,136	11.67%
3/31/2015	\$ 94,003	\$ 94,003	\$ -	\$ 936,277	10.04%

GASB 68 requires that the past 10 years of information be presented. Due to the fact that GASB 68 was recently implemented, prior year information is not fully

OTHER INFORMATION

**MID-HUDSON LIBRARY SYSTEM
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Budgeted		Actual Amounts GAAP Basis	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for Services	\$ 911,500	\$ 931,187	\$ 934,157	\$ 2,970
Use of Money and Property	4,269	4,269	4,427	158
Miscellaneous	17,656	46,848	39,223	(7,625)
State and Federal Sources	2,332,564	2,722,495	2,707,244	(15,251)
Total Revenues	3,265,989	3,704,799	3,685,051	(19,748)
Expenditures:				
Salaries	1,157,882	1,160,824	1,108,025	52,799
Equipment and Capital Outlay	56,000	80,243	24,994	55,249
Contractual Expenditures				
Grants	604,877	920,343	887,107	33,236
Operations and Maintenance	70,849	100,840	99,365	1,475
Other Contractual	702,896	786,594	744,123	42,471
Employee Benefits				
State Retirement System	156,946	156,946	123,018	33,928
Social Security	89,343	90,436	82,963	7,473
Workers Compensation	11,000	11,000	9,315	1,685
Unemployment Insurance	1,300	1,300	-	1,300
Disability Insurance	900	900	163	737
Medical Insurance	424,396	424,396	352,753	71,643
Total Expenditures	3,276,389	3,733,822	3,431,826	301,996
Other Financing Sources/(Uses):				
Operating Transfers In	50,000	50,000	-	(50,000)
Operating Transfers Out	(39,600)	(39,600)	-	39,600
Total Other Financing Sources/(Uses)	10,400	10,400	-	(10,400)
Net Change in Fund Balance	-	(18,623)	253,225	271,848
Appropriation of Fund Balance	-	18,623	-	(18,623)
Total Change in Fund Balance	\$ -	\$ -	\$ 253,225	\$ 253,225

**OTHER
REPORTING REQUIRED BY
GOVERNMENT AUDITING
STANDARDS**



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITOR'S 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***

Board of Trustees
Mid-Hudson Library System
103 Market Street
Poughkeepsie, NY 12601

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-Hudson Library System as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Library System's basic financial statements, and have issued our report thereon dated June 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mid-Hudson Library System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mid-Hudson Library System's internal control. Accordingly, we do not express an opinion on the effectiveness of Mid-Hudson Library System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mid-Hudson Library System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Hudson, NY
June 29, 2023

**MID-HUDSON LIBRARY SYSTEM
SCHEDULE OF FINDINGS
DECEMBER 31, 2022**

A. Internal Control Findings

None Noted.

B. Compliance Findings

None noted.

