

Mid-Hudson Library System

Report to the Board

December 31, 2018

Mid-Hudson Library System

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

June 19, 2019

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

Attention: Board of Trustees

We are pleased to present this report related to our audit of the financial statements of the Mid-Hudson Library System (the "Library System") for the year ended December 31, 2018. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Library System's financial reporting process.

This report is intended solely for the information and use of the Board and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Mid-Hudson Library System.

RBT CPAs, LLP

William H. Cochran, CPA
Partner

Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Auditor's Responsibility with Regard to the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States, has been described to you in our arrangement letter dated January 7, 2019.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication regarding the planned scope and timing of our audit.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. We did not discuss with management any alternative treatments within accounting principles generally accepted in the United States of America for accounting policies and practices related to material items during the current audit period.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Library System. There have been no changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Audit Adjustments

Journal entries proposed as a result of our audit are shown on the attached "Summary of Recorded Audit Adjustments". These adjustments have been reviewed and accepted by Linda Vittone, Financial Manager.

Uncorrected Misstatements

There were no uncorrected misstatements identified as a result of our audit.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management during the audit.

Letter Communicating Management Suggestions

Attached as Exhibit A is a letter communicating suggestions for management identified during our audit of the financial statements.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and management are attached as Exhibit B.

**Mid-Hudson Library System
Summary of Recorded Audit Adjustments**

**Mid-Hudson Library System
Summary of Recorded Audit Adjustments
Year Ended December 31, 2018**

Number	Date	Name	Account	Debit	Credit
1	12/31/2018	ACCOUNTS PAYABLE	L600 L	4,438	
		RETAINAGE PAYABLE	L605 L		(4,438)
		To reclass retainage payable from accounts payable			

**Exhibit A – Letter Communicating Management
Suggestions**



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

June 19, 2019

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

In planning and performing our audit of the financial statements of the Mid-Hudson Library System (the “Library System”) as of and for the year ended December 31, 2018, we considered the Library System’s internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. During our audit, the following matters came to our attention that we believe merit your consideration:

The following are management suggestions

Fixed Asset Maintenance*

RBT recommends that the Library System create a schedule to maintain and depreciate their current fixed assets per their policy. In doing so, this schedule will result in a more uniform treatment of property and equipment allow the accounting department to calculate depreciation and accurately track assets. RBT further recommends that this schedule contain fixed asset disposals and additions to ensure approval and accuracy of amounts included in the financial statements.

Payroll*

Although the supervisors were approving time off requests in the paylocity system, they were not approving the timesheets either on paper or on the system. We recommend that the Library System work with the payroll processing company and the Supervisors so that this issue can be corrected, to prevent any possible future misstatements.

We would be pleased to discuss our observations and suggestions in further detail at your convenience, to perform any additional study of a matter, or to assist you in implementing the recommendations to the extent our independence is not impaired.

**Mid-Hudson Library System
Report to the Board**

This communication is intended solely for the information and use of the Library System Board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Items denoted by an "*" remain unchanged from our 2017 letter and continue to be applicable.

Very truly yours,

RBT CPAs, LLP

A handwritten signature in black ink, appearing to read "W Cochran". The signature is written in a cursive style with a large initial "W" and "C".

William H. Cochran, CPA

Partner

**Exhibit B – Certain Written Communications Between
Management and Our Firm**



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

January 7, 2019

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

Attention: Board of Trustees

The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit the financial statements of Mid-Hudson Library System's (the "System"), governmental activities, each major fund and aggregate remaining fund information as of and for the year ended December 31, 2018, which collectively comprise the basic financial statements. You have also requested that we report on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

We will also perform an audit of the following financial statements to be issued by Mid-Hudson Library System:

- Primary government financial statements of Mid-Hudson Library System

We understand that the financial statements, will be prepared in accordance with accounting principles generally accepted in the United States of America.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

The Responsibilities of the Auditor

We will conduct the audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore, GAS does not expect us to provide reasonable assurance of detecting abuse.

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In making our risk assessments, we consider internal control relevant to the System's preparation and fair presentation of the financial statements 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 entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements and supplemental schedules that we have identified during the audit.

We will also communicate to the Board of Trustees (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The funds that you have told us are maintained by the System and that are to be included as part of our audit are listed here.

- * General Fund
- * Special Aid Fund
- * Capital Fund

Our report on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards identified above. Our report on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; consistent with requirements of the standards identified above.

Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and those charged with governance acknowledge and understand that they have responsibility:

- (a) For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- (b) To evaluate subsequent events through the date the financial statements are issued or available to be issued and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that they will not date the evaluation of subsequent events earlier than the date of the management representation letter referred to below;
- (c) For 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;
- (d) For report distribution; and
- (e) To provide us with:
 - (1) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - (2) Additional information that we may request from management for the purpose of the audit; and
 - (3) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and those charged with governance written confirmation concerning representations made to us in connection with the audit including among other items:

- (a) That management has fulfilled its responsibilities as set out in the terms of this letter; and
- (b) That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the System complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the System involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements or compliance. Management is also responsible for informing us its knowledge of any allegations of fraud affecting the System received in communications from employees, former employees, regulators, analysts or others.

Management is responsible for the preparation of the supplementary information. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of Trustees is responsible for informing us of its views about the risks of fraud within the System, and its knowledge of any fraud or suspected fraud affecting the System.

Our association with an official statement is a matter for which separate arrangements will be necessary. The System agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing, and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when the System seeks such consent, we will be under no obligation to grant such consent or approval.

Mid-Hudson Library System agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the System agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering.

Because RBT CPAs, LLP ("the Firm") will rely on the Mid-Hudson Library System and its management and Board of Trustees to discharge the foregoing responsibilities, the Mid-Hudson Library System holds harmless and releases the Firm, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of the Mid-Hudson Library System's management which has caused, in any respect, the Firm's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

Records and Assistance

If circumstances arise relating to the condition of the System's records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets which, in our professional judgment, prevent us from completing the audit, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the System's books and records. The System will determine that all such data, if necessary, will be so reflected. Accordingly, the System will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by System personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with Linda Vittone, Financial Manager. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Non-Attest Services to be Performed

In connection with our audit, you have requested us to perform certain non-audit services:

- (a) Draft the System's annual financial statement for management's review and approval
- (b) Maintain the System's depreciation schedule in the firm's software using fixed asset information provided by management.

The GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the System, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. The System has agreed that Linda Vittone, Financial Manager possesses suitable skill, knowledge or experience and that the individual understands the financial statement preparation services to be performed sufficiently to oversee them. Accordingly, the management of the System agrees to the following:

- a. The System has designated Linda Vittone, Financial Manager as a senior member of management who possesses suitable skill, knowledge and experience to oversee the services.;
- b. Linda Vittone, Financial Manager will assume all management responsibilities for subject matter and scope of the financial statement preparation.;
- c. The System will evaluate the adequacy and results of the services performed.;
- d. The System accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with the System's management and those charged with governance of the objectives of the non-audit services, the services to be performed, the entity's acceptance of its responsibilities, the auditor's responsibilities and any limitations of the non-audit services. We believe this letter documents that understanding.

Other Relevant Information

RBT CPAs, LLP may mention the System's name and provide a general description of the engagement in RBT CPAs, LLP's client lists and marketing materials.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others.

In accordance with GAS, a copy of our most recent peer review report has been provided to you for your information.

Fees, Costs, and Access to Workpapers

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee for this audit engagement will be \$14,000 for the year ended December 31, 2018. Our fee estimate and completion of our work is based upon the following criteria:

- a. Anticipated cooperation from System personnel;
- b. Timely responses to our inquiries;
- c. Timely completion and delivery of client assistance requests;
- d. Timely communication of all significant accounting and financial reporting matters;
- e. The assumption that unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

It is agreed by the Mid-Hudson Library System and RBT CPAs, LLP that, should you hire any of our professionals assigned to this project within eighteen months of this assignment, you will be billed 100 percent of their current annual salary. This additional fee is being charged to offset recruitment, training and development expenses we would incur to replace this person.

You may terminate the arrangement at any time by written notice to us. Termination for any reason will not affect your obligation to pay us for fees and expenses incurred prior to termination or in transferring files to and otherwise cooperating with any successor auditor. All provisions of this arrangement will survive termination or cancellation, except that (a) we will not have any obligation to provide services after termination and (b) you will not have any obligation to pay us for any services that we perform after termination, except for costs incurred to cooperate with a successor auditor or regulatory agency subpoena or inquiry.

In the event we are requested or authorized by the Mid-Hudson Library System, or are required by government regulation, subpoena, or other legal process, to produce our documents or our personnel as witnesses with respect to our engagement for Mid-Hudson Library System, the System will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

The documentation for this engagement is the property of the Firm. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of the Firm audit personnel and at a location designated by our firm.

Claim Resolution

Mid-Hudson Library System and RBT CPAs, LLP agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by RBT CPAs, LLP or the date of this arrangement letter if no report has been issued. Mid-Hudson Library System waives any claim for punitive damages. RBT CPAs, LLP's liability for all claims, damages and costs of Mid-Hudson Library System arising from this engagement is limited to the amount of fees paid by Mid-Hudson Library System to RBT CPAs, LLP for the services rendered under this arrangement letter.

Information Security - Miscellaneous Terms

RBT CPAs, LLP is committed to the safe and confidential treatment of Mid-Hudson Library System's proprietary information. RBT CPAs, LLP is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. Mid-Hudson Library System agrees that it will not provide RBT CPAs, LLP with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures to maintain the confidentiality of Mid-Hudson Library System information, including the use of collaborative sites to ensure the safe transfer of data between the parties.

RBT CPAs, LLP may terminate this relationship immediately in its sole discretion if RBT CPAs, LLP determines that continued performance would result in a violation of law, regulatory requirements, applicable professional standards or RBT CPAs, LLP's client acceptance or retention standards, or if Mid-Hudson Library System is placed on a verified sanctioned entity list or if any director or executive of, or other person closely associated with, Mid-Hudson Library System or its affiliates is placed on a verified sanctioned person list, in each case, including but not limited to lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the United Nations Security Council, the European Union or any other relevant sanctioning authority.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

Reporting

We will issue a written report upon completion of our audit of Mid-Hudson Library System's financial statements. Our report will be addressed to the Board of Trustees of Mid-Hudson Library System. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

In addition to our report on Mid-Hudson Library System's financial statements, we will also issue the following types of reports:

- a. Report on internal control related to the financial statements. The report will describe the scope of testing of internal control and the results of our tests of internal control;
- b. Report on compliance with laws, regulations, and the provisions of contracts or grant agreements. We will report on any noncompliance that could have a material effect on the financial statements;

This letter constitutes the complete and exclusive statement of agreement between RBT CPAs, LLP and Mid-Hudson Library System, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities. We appreciate your business.

Sincerely,
RBT CPAs, LLP



William H. Cochran, CPA
Partner

Confirmed on behalf of the addressee:



Board of Trustees

January 19, 2019

Date

Report on the Firm's System of Quality Control

To the Partners of
RBT CPAs, LLP

Peer Review Committee of the
New York Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of RBT CPAs, LLP (the firm) in effect for the year ended March 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

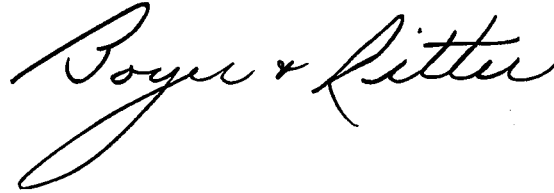
Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including a compliance audit under the Single Audit Act and audits of employee benefit plans.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of RBT CPAs, LLP in effect for the year ended March 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. RBT CPAs, LLP has received a peer review rating of *pass*.

A handwritten signature in cursive script that reads "Boyer & Litter". The signature is written in black ink and is positioned to the right of the date and location text.

Camp Hill, Pennsylvania
November 15, 2017



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<http://midhudson.org>

June 19, 2019

RBT CPAs, LLP
2678 South Road Suite 101
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This representation letter is provided in connection with your audit of the financial statements of Mid-Hudson Library System (the "Library System"), which comprise of governmental activities, each major fund and aggregate remaining fund information, including the related notes to the financial statements, as of and for the year-ended December 31, 2018 which collectively comprise the basic financials statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of June 19, 2019:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated January 7, 2019, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statement.
9. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the OMB Uniform Guidance, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
10. We have no knowledge of any uncorrected misstatements in the financial statements.

BOARD OF TRUSTEES

Mark Wilson
President

Richard Swierat
Vice President

Barry Ramage
Treasurer

Michele Ment
Secretary

Stuart Auchincloss
Lisa Baker Brill
Robert Culp
Sharon Davis
Kenneth Goldberg
Priscilla Goldfarb

Rajene Hardeman
Debra Klein
Mary Linda Todd
Lynne Ridgeway
Janet Schnitzer

Information Provided

11. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of allegations of fraud or suspected fraud, affecting the entity's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
16. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
17. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and any transactions of which we are aware.
19. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize, and report financial data.
20. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
21. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

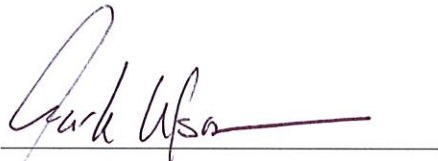
22. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
23. With respect to required supplementary information presented as required by GASB to supplement the basic financial statements:

- a. We acknowledge our responsibility for the presentation of such required supplementary information.
- b. We believe such required supplementary information is measured and presented fairly in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
- c. The methods of measurement or presentation have not changed from those used in the prior period.

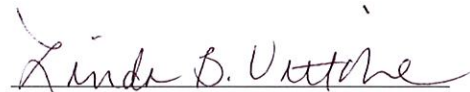
Compliance Considerations

In connection with your audit, conducted in accordance with Government Auditing Standards, we confirm that management:

- 24. Is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- 25. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the Mid-Hudson Library System.
- 26. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 27. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
- 28. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
- 29. Is responsible for 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.
- 30. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
- 31. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.
- 32. Has a process to track the status of audit findings and recommendations.
- 33. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
- 34. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
- 35. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.



Board of Trustees
Mid-Hudson Library System



Linda Vittone
Finance Manager and Personnel Officer
Mid-Hudson Library System