

Mid-Hudson Library System
Report to the Board of Trustees
December 31, 2019

DRAFT

May 13, 2020

Board of Trustees
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 Mid-Hudson Library System (the "Organization") as of and for the year ended December 31, 2019. This report summarizes the certain matters required by professional standards to be communicated to you in your oversight responsibility for the Organization's financial reporting process.

This report is intended solely for the information and use of the Board of Trustees 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 about this report. We appreciate the opportunity to continue to be of service to the Organization.

Sincerely,

RBT CPAs, LLP

Contents

	<u>Page</u>
Required Communications	1 - 2
Summary of Recorded Audit Adjustments	3
Exhibit A - Significant Written Communications Between Management and Our Firm	
Representation Letter	4 - 6

DRAFT

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.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our arrangement letter dated January 27, 2020. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication dated January 27, 2020 regarding the planned scope and timing of our audit and identified significant risks. Describe changes, if any, to information in the previous communication that have not otherwise been discussed with those charged with governance.
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices</p> <p>Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies</p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Organization. The Organization did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions</p> <p>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.</p>
Audit Adjustments	Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the Organization are shown in the attached Summary of Recorded Audit Adjustments.
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
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 the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.

Area	Comments
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the Organization, including the representation letter provided to us by management, are attached as Exhibit A.

DRAFT

Summary of Recorded Audit Adjustments

Description	Effect-Increase (Decrease)				
	Assets	Liabilities	Fund Balance	Revenue	Expenditures
Federal Fund					
Change in Fund Balance Effect				\$ 1,323	\$ -
Balance Sheet Effect	\$ -	\$ (1,323)	\$ -		

Description	Effect-Increase (Decrease)				
	Assets	Liabilities	Fund Balance	Revenue	Expenditures
County Fund					
Change in Fund Balance Effect				\$ 228,062	\$ 154,207
Balance Sheet Effect	\$ -	\$ (99,463)	\$ 99,463		

The amounts above reflect the net increase/(decrease) to the indicated account classes as a result of 3 entries proposed during our audit procedures. The entries for County Fund were due to the implementation of the GASB standard No. 84, *Fiduciary Activities*. Total fund balance increased by \$99,463 as a result of revenues increasing by \$228,062, expenditures increasing by \$154,207 and fund balance increasing by \$25,608 for a prior period adjustment. These entries have been reviewed and accepted by Linda Vittone, Finance Manager.

**Exhibit A - Significant Written Communications Between Management
and Our Firm**

DRAFT

May 13, 2020

RBT CPAs, LLP
2678 South Road Suite 101
Poughkeepsie, NY 12601

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, 2019 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 May 13, 2020:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated January 27, 2020, 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.

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